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California

JOURNAL

Independent analysis of politics and government

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SIDE
UP**

BART

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GLOBAL CITY... BEING
REBUILT BY THE
WORLD'S NATIONS
AFTER THE QUAKE
OF 2008.

A CITY OF TONGUES, ALL SPEAK-
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RESPECT, FRIENDSHIP
AND HARMONY. THE
ROLE MODEL CITY,
RISING FROM THE RUIN
OF A NATURAL DISAST-
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TION AMONG THE
WORLD'S LEADERS.

A CITY...A DREAM
...UNDER CON-
STRUCTION.

THE BAY AREA



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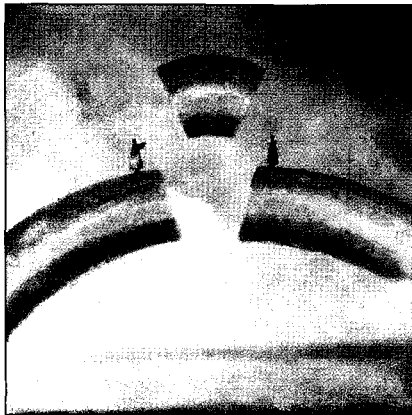
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ON THE ROAD Jack

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YOUR MONEY ? OR YOUR HEALTH ?

Since day one, the measure of good health care in America has been held hostage by a faulty equation: The most money buys the best care. The unfortunate legacy of the old fee-for-service system is it did a better job of raising costs than quality. ■ Can any system raise the quality



of health care for Americans while controlling its costs?

We believe the answer is an unqualified yes. ■ First off, the best care cannot be defined as the most expensive or the least expensive. It is the right care delivered at the right time.

Ideally, it's a measure taken to prevent an illness before it ever occurs. Like an immunization, for instance. Or one that catches a disease early enough that something can be done about it. ■ That's why our women's program was the first to

cover annual mammograms for all women over 40. We know what it costs, but by treating breast cancer in its earliest stages, we also know what it can save. ■ The best care can even halt the progression of chronic disease. Our congestive heart failure program provides a cardiac nurse to educate at-risk members on the importance of taking prescribed medications, and to help them make lifestyle adjustments. The result has been a significant decline in hospitalization rates and an overall improvement in patient well-being. ■ Not coincidentally, our model of prevention, early detection and chronic disease management promotes better health, with the added value of lowering health care costs. Which in turn enables companies such as ours to provide more people than ever the best choices modern medicine can offer. And do so without offering the one choice no one should ever again have to make: Their money? Or their health?



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Pack 3 Felons in a 6x8 Cell, then Watch the Lid Blow

California prisons were designed to safely house 71,000 inmates, but now hold more than twice that number — 155,000.

In five years, our prison population will swell to 214,000 inmates, according to the Department of Corrections. And to federal authorities, that's the magic number for intervention.

The public may not care if inmates are stacked like firewood, but federal courts do. In Florida and other states, federal courts have forced the release of thousands of inmates to reduce overcrowding. Not surprisingly, violent crime went up — crimes that could have been prevented if convicted felons were kept in prison.

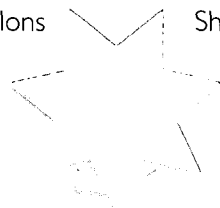
Unless needed prison space is provided in California, thousands of hard-core felons

could be set free by the courts — a public safety disaster of monstrous proportions. It's time the Legislature acted.

Privatization isn't the answer. A recent GAO report, independent studies and recent national news reports show private prisons can be more costly to operate and expose taxpayers to far greater liability than public prisons. And escapes, beatings and riots make them far more dangerous for officers, inmates and the public.

We've put together a plan to construct and operate needed state prisons without bankrupting California — so violent and habitual felons are kept off the streets at a price taxpayers can afford.

For a free copy of our plan, call Sharon Levesque at 916-372-6060.



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The San Francisco Bay Area contains some of California's most recognizable landmarks, such as the Golden Gate Bridge, the Wine Country and the San Andreas Fault. But the Bay Area is also a place where a changing economy poses challenges every bit as immediate as the uncertain ground upon which it sits. This month, *California Journal* devotes its entire issue to the Bay Area, the jewel of the north which has become the epicenter of the high-tech future.

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Growing Up By The Bay

A journalist and writer from Oakland takes an intensely personal trip through a region that is still trying to develop a sense of itself.

By William Wong

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Regional Government

The pace of growth and the problems it generates may soon force the Bay Area to abandon its cherished ideal of local control in favor of a more regional approach to land use and transportation issues.

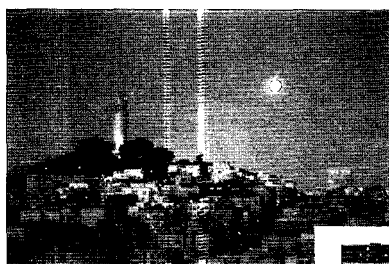
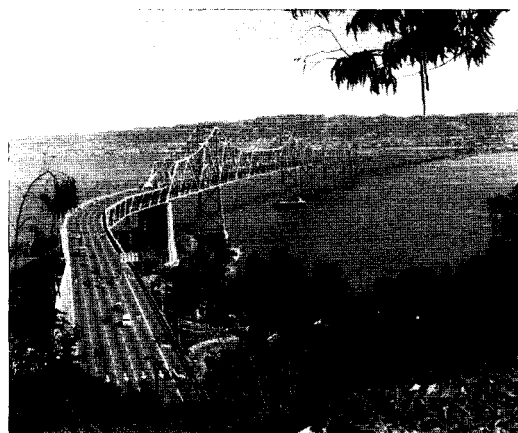
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BART

The Bay Area's regional transit provider has become, in the minds of some, a textbook example of how not to conduct regional planning.

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San Francisco

Millions of tourists still leave their hearts in San Francisco, but soaring housing costs and traffic congestion have put a few dents in the Bay Area's "crown jewel."

By Cynthia H. Craft

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Oakland

Long viewed as San Francisco's homely stepsister, Oakland has a reputation as the repository of the region's social and economic ills. But the reality is far more complicated, and not quite as bleak as the city's detractors imagine.

By Kathleen Les



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Silicon Valley

The economic powerhouse of the Bay Area is an exciting, vibrant place to live and work, if you've got the bucks. If you don't, prepare to spend a lot of time behind the wheel.

By Claudia Buck

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Upfront umbrage

Kudos for one of our own. An article on mental health in the October 1997 *California Journal*, written by Senior Editor Sigrid Bathen, has won the media award for best coverage of mental health issues by a local or regional magazine from the National Mental Health Association in Washington, D.C. The article, "California mental health care: From the snakepit to the street," traced the state's checkered 30-year history of caring for the mentally ill and offered poignant histories of three Californians for whom "community based care" was an exercise in frustration and failure. A former *Sacramento Bee* reporter, Bathen won similar awards in 1977 from the state and national mental health associations for her coverage of conditions in state hospitals.



Sigrid Bathen

Phoning it in. While we're on the subject of Bay Area-based companies that have "gone south," the phone company formerly known as Pacific Telesis is in the midst of what could be remembered as one of the nastier political fights of this election year. The object is not a candidate or a cause, but rather a competitor: AT&T (the long-distance giant formerly known as the Bell System). AT&T started running advertisements last year attacking Pacific Bell, and its new parent company SBC, for blocking their access to the local marketplace. Pac Bell responded with ads accusing the long distance firms of blocking *their* access to long distance markets. AT&T responded with a classic attack spot, complete with newspaper headline citations and a snide announcer. The competition is full of schoolyard name-calling and an absence of any information which connects the fight with the actual lives of the prospective customers. You know ... just like any political campaign. Perhaps we should all just root for SBC to

accomplish what appears to be its latest corporate strategy: reassembling Ma Bell. We can't wait for *those* commercials: "We're the phone company. Deal with it."

Road tripping. During his primary campaign to become the mayor of Oakland, the unsinkable Jerry Brown didn't spare himself anything, having located his campaign headquarters in the tony, \$2 million, industrial-chic loft-cum-campaign shop he renovated at Oakland's Jack London Square. Two recent visitors to the campaign shop were invited in by a welcome sign at the door, just a few feet from Brown himself, a cool nucleus in a cluster of aides tending to the

needs of his Oakland mayoral campaign. The Moonbeam Man was wearing his trademark black Nehru-collar shirt with black jacket and black pants. The scene emanated a certain pulse-quickenning energy common to the "celebrity culture," as opposed to the "just do it" buzz typical of most political ground operations. Surrounded by his circle of do-bees, helplessly caught in his omniscient glow, the candidate's orbit included a familiar face: a man who looked very much like Jacques Barzaghi, Brown's New Age Rasputin from campaigns past. Barzaghi (or his look-alike) looked very counter-culture in soft black pants gathered at the ankle, leather clogs, blousy pirate-style midnight-black shirt and polished bald head. The visitors asked if the guv might have a moment for a word. Brown's answer, tossed down loftily as he began inching up a flight of stairs, couldn't have been more cliched had it been scripted in Hollywood. "Call me...Better still, do you have a computer? E-mail me your questions. I'll E-mail my replies. It is the Electronic Age, you know." Even better, why not just try channeling?

Pre-emptive strike. Newly minted U.S. Representative Barbara Lee (D-Oakland) hadn't been on the job long in Washington before she tried to assume her unofficial role as empire-builder back home. Lee was forced to send a two-page "letter to the editor" on news release letterhead to explain what many saw as a naked attempt to fiddle with the special election to fill her old Senate seat. Lee, you see, resigned her seat two days before it would have been possible for Governor Pete Wilson to consolidate the special election runoff with the November general election. Such consolidation saves her home county of Alameda tens of thousands of dollars in election costs. So why did Lee try to force her financially strapped county to pony up more money? Ask her, it was just good civics. "Why should I leave Senate District Nine without representation for the rest of the year?" Lee inquires in a testy letter, which also takes direct swipes at Wilson and indirect swipes at one of the potential candidates for the job, Berkeley Assemblywoman Dion Aroner. Why doth Lee protest too much? Probably because her explanation is, shall we say, full of air. The *real* reason she ducked out two days early was to help her hand-picked replacement for the seat, Alameda County Supervisor Keith Carson. Putting the special in the summer months presumably harms Aroner, who would be forced to choose between doing her job in Sacramento and campaigning. But Aroner got the last laugh. At the urging of the county, Aroner introduced legislation to facilitate the consolidation of the election, which breezed through the Legislature and was signed by Governor Pete Wilson. If this is how well Lee "fixes" things back home, where she presumably has some clout, imagine how successful she'll be as a liberal freshman in a house run by Newt Gingrich.

Mouthing off. When it comes to shooting from the hip, there must be some kind of award for Senator Leroy Greene (D-Sacramento), who has of-

ferred some of the most pungent non-sequiturs ever uttered in the Capitol. Greene's latest contribution to informed dialog came during a hearing of the Senate Education Committee when he turned his "gilt" on legislation which would establish drug testing policies at California State University and University of California for intercollegiate athletics. After Senator Pete Knight (R-Lancaster) finished presenting his bill, Greene looked to the audience and asked if there was any opposition to the bill. When no one came forward, he asked once again. When no one stepped forward, he said "I think you should all be tested for drugs." Some committee members (presumably the ones Greene would deem "drug-free") raised questions about the bill, prompting Knight to say he had worked hard with representatives of the university system. Leroy wasn't buying: "What do they know, they're a bunch of druggies anyway." Greene did subsequently apologize.

Evasior's 'R us. Looking for a catchphrase to hang on the 1998 gubernatorial primary? How about the "no comment" campaign — don't say anything, and you won't get burned. The queen of the non-answer in the campaign was Representative Jane "Gee, I'll have to look into that" Harman (D-Venice). But a new champen appeared before the end of the race to unseat Harman from her perch. And the winner is ... (drum roll, please) ... Dan Lungren. Of the four major gubernatorial candidates, Lungren was the only one who refused to answer a basic issue survey from that bastion of liberal elitism, the *Wall Street Journal*. The answers were the focus of an article entitled "If You Become the Next Governor ..." It included such "gotcha" questions as "pick your top two [infrastructure] priorities" and "what specific proposals would you attempt to implement to ensure there are enough jobs [for welfare recipients]?" Real tricky stuff. The *WSJ* quoted Lungren spokesman Dave Puglia, saying the questions were "largely hypothetical" and might lock him into "a position of inflexibility." Lungren's idea of an acceptable question: "Are California's taxes too high?" What is ironic (or comical) about this latest entry in the "Silence is Golden" sweepstakes is that the self-same Puglia was sobbing crocodile tears in *The Sacramento Bee* about the lack of substance in the race to date. Is it any

wonder substance gets lost when the candidate himself doesn't seem interested in finding it?

My favorite spy. While we're handing out awards, let's give a hand to the new king of the campaign pranksters — Assembly candidate Richard Sybert. Sybert, a former Wilson administration official who ran twice for Congress, lowered his expectations and ran for the Assembly this time. Last month, Sybert's GOP primary opponent in the 37th District race — Tony Strickland — caught him on videotape vandalizing Strickland's yard signs. Such high jinks are common in campaigns, but it's usually considered beneath the dignity of the candidate himself. When first asked about the vandalizing, Sybert denied it. But then the videotape rolled, and he was forced to own up. Yes, he'd vandalized yard signs, and yes, he'd lied about it. But no, this doesn't reflect negatively on his character. Nor, we suppose, did his bogus use of Colin Powell's name as an endorser in the 1996 campaign. Nor, we guess, was his inclusion of Vice President Dan Quayle's name on his 1998 endorsement list — again, a phoney. Okay, so Sybert doesn't appear to have any shame. But what about the two legitimately respectable politicians who are fronting his committee — outgoing Assemblyman Nao Takasugi and former Governor George Deukmejian. Well, both reaffirmed their endorsements in the wake of the incident. But one supposes there were some not-so subtle suggestions that Sybert be on his best behavior, at least until the primary is over.

State of confusion. As the bitter Democratic primary in the race to succeed 20th District state Senator Herschel Rosenthal began to heat up last month, a little confusion developed involving the candidates. No, it's not the fact that both candidates are named Richard — L.A. councilman Richard Alarcon and former Assemblyman Richard Katz. No, it's a last-name problem. Alarcon, it seems, is having problems distinguishing himself from yet another Richard — L.A. councilman Richard Alatorre. Despite having received campaign mail from Alarcon, internal campaign polling showed that nearly one in six San Fernando Valley residents still mixed him up with Alatorre. Sometimes, such voter confusion can be a benefit, but not in this case. Alatorre is currently up to his neck in corruption investigations, and only recently was the

target of court papers in a custody battle which accused him — Alatorre — of abusing cocaine. Alarcon is an ally of Alatorre's but business is business. So he and his campaign produced a mailer which said, in essence, "I'm not him." The postcard mailer showed pictures of both Alarcon and Alatorre and identified which one was running for Assembly. It carefully avoided making any judgments about Alatorre's culpability in the charges against him.

Techno-politics. Can't tear yourself away from the computer screen? Have trouble concentrating when trying to use such dated analog products as magazines and newspapers? Fear not. The California elections are now a mouse click away from all Web heads. For the fourth time in its young history, the California Voter Foundation has launched an Online Voter Guide, available through the World Wide Web. The detailed site features basic blotter information on all the candidates for office, statements from statewide candidates, information on districts and voting patterns, and links to campaign websites. Included in the information offered on the site are *California Journal's* analyses of statewide ballot propositions as well as our statewide and district-by-district candidate analyses. CVF director Kim Alexander says her site is a "one stop shop" for Web-literate California voters. To find it, point your browser to <http://www.calvoter.org>.

Corrections. Last month's issue of *California Journal*, we incorrectly reported the endorsement made by Assemblyman Tony Cardenas (D-San Fernando) in the 20th Senate District contest between Richard Katz and Richard Alarcon. Cardenas has endorsed Alarcon in that race. We also reported that Assembly Speaker Antonio Villaraigosa (D-Los Angeles) had endorsed fellow Assembly member Grace Napolitano (D-Norwalk) in her run for Congress. Villaraigosa has not endorsed in that race. We apologize for the errors. 🏠

"Journalism is literature in a hurry."
—Matthew Arnold

Two Cents

commentary

The Bay Area

When Sarah Michael was growing up during the 1950s, she lived on the lip of a bluff above San Francisco Bay, surrounded by the orchards of her parents' walnut farm. The porch of her house, as she remembered it decades later, provided a spectacular, unobstructed view of the South Bay. Back then, the area was a gentrified bit of pastoral landscape known as the "Warm Springs District."

Today, Warm Springs is part of greater Fremont, a city Michael's father helped to found. The orchards have long since been plowed under, and the Michael house is gone, replaced almost to the spot by a freeway interchange. In a sense, the change has disconnected Michael from her past and, as such, serves as a metaphor for the entire Bay Area and a symbol for what has happened to all California — a place in constant flux, struggling to come to terms with its staggering success.

What existed 50 years ago is gone, swept away by a half century of migration, sprawl and economic boom. Everything about the Bay Area has been transformed. Small, semi-rural communities have grown into cities, complete with high-rise office complexes, freeways, commercial districts, congested streets and highways and soaring real-estate values. Walnut Creek, Concord and Livermore in the east; Redwood City, San Carlos and Millbrae in the west and south; Corte Madera, Greenbrae and Larkspur in the north are but a few examples of sleepy burgs that sleep no more. Pittsburg, Antioch, Pleasanton, Lafayette, Newark, Palo Alto, Brisbane, Burlingame, San Rafael — the list of towns affected by Bay Area sprawl is endless. Nor has this transformation been confined to the hinterlands. The Bay Area's traditional flagship cities — San Francisco and Oakland — have seen their skylines altered, their neighborhoods reshaped.

And then there is that swath of California around San Jose — known globally as Silicon Valley — that serves as worldwide headquarters for the 21st century. Over the past quarter century, it has become both the heart of the region's economy and the source of its many physical and structural headaches.

If Los Angeles is about freeways, the Bay Area is about bridges — the threads of concrete and steel that connect workers to jobs, fans to sports stadiums, goods to markets, tourists to attractions. The area's most famous landmark is a bridge — the Golden Gate, which links San Francisco and Marin County. It is recognized around the world as the entrance to San Francisco Bay. But as with many things about the Bay Area, the image is misleading, for the Golden Gate Bridge is not the area's most important span. It is, in fact, a bridge to nowhere, linking as it does San Francisco with its bedrooms and with little else.

The area's most significant bridges are the Bay, San Mateo and Dunbarton bridges, for they connect the area's vital commercial, educational and economic centers.

A year ago, we took a long look at Los Angeles. With this issue, *California Journal* focuses on the nine-county Bay Area, and *Journal* editors have put together a package of articles to help explain the Bay Area's evolution as an economic powerhouse and to call attention to those parts of the area — notably Oakland — that have yet to share in the prosperity.

Over the past quarter century, the Bay Area has experienced the kind of growth that has produced both success and headaches. How well it handles the problems caused by its successes will pave the way for other areas just now beginning to feel the impact of California's own remarkable evolution. 🏠

— A.G. Block

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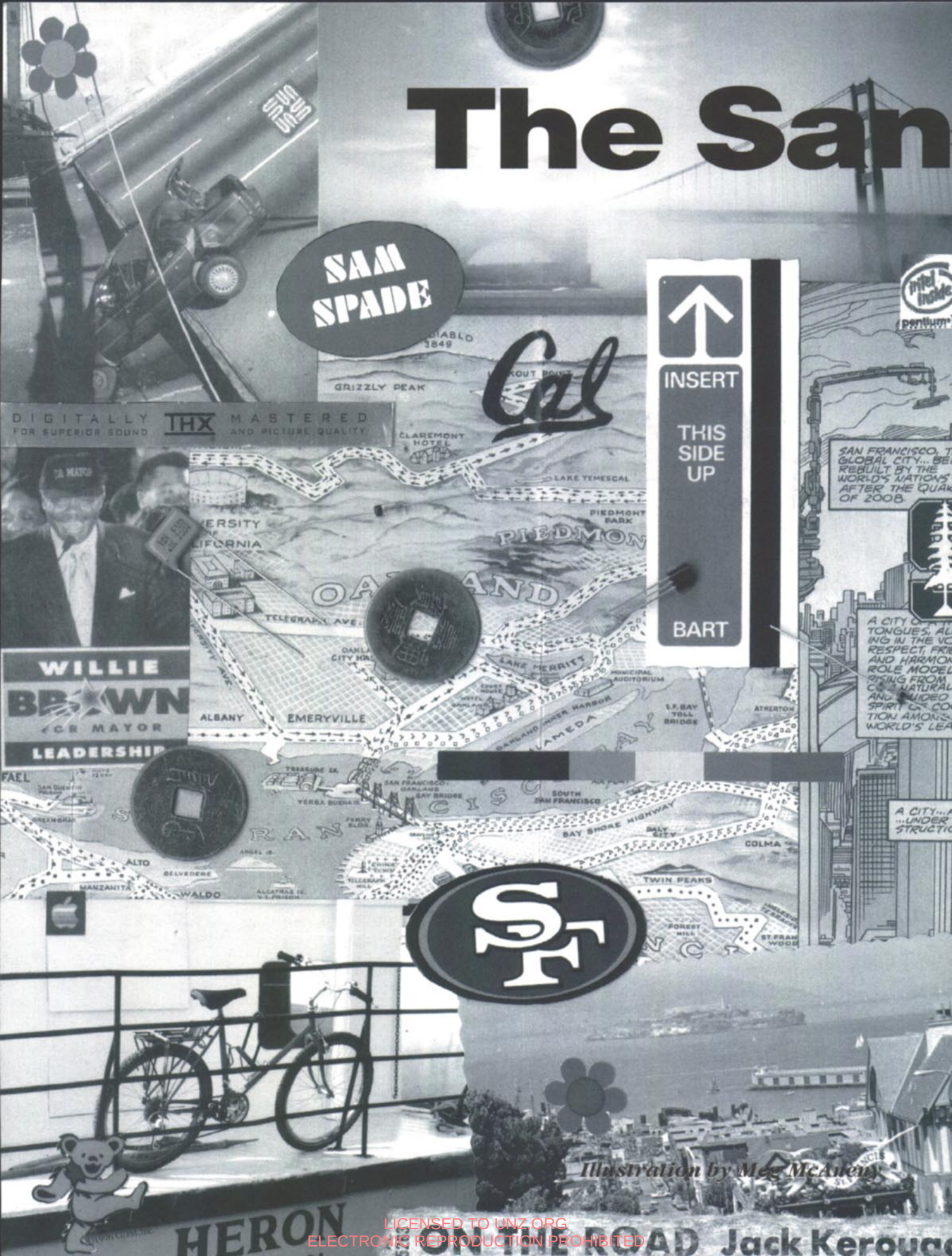
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Illustration by Meg McNaney

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Jack Kerouac



Francisco Bay Area

Growing up in the Bay Area
meant gradually coming to understand
the scope and breadth of a region
that has never quite developed a cohesive
view of itself — or of its potential.

By William Wong

Growing up in Oakland's Chinatown during the 1940s and 1950s distorted my view of the world. As a youngster who spent a lot of time in my parents' restaurant when I wasn't in both "American" school and Chinese school, I thought the world was mostly Chinese. All around me were Chinese families who operated grocery stores, fish markets, restaurants, laundries, barber shops, live poultry stores and herbal medicine dispensaries. We heard Chinese opera music and the cacophonous clack of mah jongg from the second-story "gung saw" (association) quarters. We sold countless packets of red firecrackers during Chinese New Year, hiding from the cops when their cars rolled down Webster Street. Our mother tongue was the guttural "sze yip" dialect, an offshoot of the more refined Cantonese of Guangzhou and Hong Kong.

It didn't take long for me to be disabused of the notion that the world around me wasn't really Chinese at all. The defining indicator was when my family moved from a rented home in Chinatown to a spacious, five-bedroom home of our own when I was seven years old. Our new home was in an area barely two miles from Chinatown that before World War II was closed off to Chinese, black and other non-white people. My family was among the first of our racial background to live in this heretofore all-white area of Oakland, an area that had rows and rows of free-standing, single-family homes with green lawns front and back. For a Chinatown family back in the late 1940s, this was really moving up in the world.

The cocoon of Chinatown was salutary. I came into this world exactly five months before Japanese bombers devastated Pearl Harbor, triggering the direct involvement of the United States in World War II. In our circumscribed world, the war came home in the form of Chinese kids like my older sisters wearing handwritten signs saying, "I am not Japanese." My dad had come to America in 1912, leaving his poor and remote southeastern China rice-farming village. He was 16 years old. He got a little high school education here, then worked at various odd jobs between the times he went back to China to father three daughters. Finally in 1933, he brought his wife and three daughters to Oakland. While we were suffused with "sze yip," the English language was never far away. Customers of our restaurant came in all shades, and most spoke English. To do business, my parents learned or refined their spoken English, and we kids picked up the lingo to go along with our incipient Chinese dialect.

The war years brought a bustle of activity near Chinatown. They repaired warships seven blocks from our restaurant. One of my sisters was a welder. Shipyard workers came to Chinatown for good, cheap eats, helping provide my parents enough cash to buy the five-bedroom home in 1948 that began our gradual separation from a total immersion, ethnic Chinese experience. This duality of cultures and languages wasn't prescribed by anyone. It just happened. Even if my parents wanted their children to be insulated from a non-Chinese world in Oakland, they couldn't. We weren't living in a poor Chinese village. Little did we know then, but we were living in the midst of a relatively prosperous, multiracial region called the San Francisco Bay Area. In that era, the pull of English and a culture based on European cultural and religious values were stronger than the desire of our parents for us to keep their native language and culture.

In the 1940s and 1950s, however, for an Oakland Chinatown kid, even a few blocks away was like foreign territory. We rarely, if ever, crossed Broadway, Oakland's main drag two blocks to the west of our restaurant. We could pretty easily go up to 11th Street, three blocks away, mostly to the T&D Theater that featured a greasy grill accessible via window service from the street. I still remember how good the french fries were. Gradually, we got courageous and went all the way up Broadway near 20th Street for double-feature matinees for a quarter at the Paramount Theater or the Fox Oakland Theater.

As much as Oakland's Chinatown was our home base, we certainly knew about San Francisco's more intimidating Chinese district. On the one day of the week our restaurant was closed, my parents hauled me and my older sisters over to San Francisco's Chinatown to visit relatives. We called San Francisco "Dai Fow," Cantonese for "big city." Even Oakland's Chinatown denizens of 50 years ago had an implicit inferiority complex about San Francisco, a condition still prevalent today. As much as I liked visiting San Francisco's Chinatown, I recall a foreboding about the place. I kept hearing rumors about how tough the San Francisco Chinese kids were, and maybe as a kid from an outback Chinatown like Oakland's, I didn't want to get beaten up.

The realization that I lived in a place that was part of a dynamic region came gradually. Going to the Berkeley campus of the University of California — we called it Cal —



helped inform my widening experiences. There, I met classmates from all around the region, mostly white kids but also some Asian-Americans. It might be difficult to imagine today, but Cal in my day was something like 90 percent-

plus white. Cal was not my first lengthy experience of being around mostly white people. Moving out of Chinatown put us in Oakland High School, the elite school of its day in Oakland, drawing kids from the wealthy white hills area. So there I was with a handful of other non-white kids quickly becoming acculturated into a thoroughly American high school scene of the mid-1950s — dances, social and service clubs at school, but mostly segregated socializing after school.

My Cal experience really taught me about the greater world around me. I was at Cal a few years before the infamous Free Speech Movement of 1964, but we had our share of intense political activity, most notable being closure of *The Daily Californian*, the on-campus student-run newspaper where I was one of the senior editors, by an administration contemptuous of liberal student activism. We learned to challenge authority, while having some fun doing it. We learned to sympathize with the burgeoning civil-rights movement in the south. As a young reporter in San Francisco in the early 1960s, I saw multiracial protests against white-only hiring practices by big San Francisco employers.

The region then had fewer people and a lot more agricultural land. But I saw it become the place it has become — with more than six million people and increasingly horrendous traffic jams. One of my sisters, after getting married in the 1950s, moved to east Oakland, then to San Leandro, where she and her husband had difficulty finding a home because of their Chinese ethnicity. Two of my other sisters moved to Sunnyvale in the early 1960s, then mostly cherry and fruit orchards but today a throbbing center of Silicon Valley. Their new husbands joined different electronics companies that rode the prosperity wave that continues today in Santa Clara County. Another sister lived with her husband and children in a low-income neighborhood of San Francisco, far from that Chinatown. As my family spread out, we saw more of the region by automobile, traveling on new freeways that sliced through Oakland, ushering out many white middle-class families to places that had been sylvan fields and farmland, places like Walnut Creek, Concord and Fremont.

The city where I was born and where I grew up and where my family made a living and a home, was being left out. Like some other American cities, Oakland didn't prosper in the way that suburban areas did in the post-World War II economic boom. Once a thriving industrial and commercial center, Oakland sagged from white flight and de-industrialization. It has slowly and fitfully been trying to come back. As a young man, I paid little attention to local politics, being more interested in what President John F. Kennedy was doing. Yet I knew an Oaklander who was a powerful force in the politics that affected my parents' homeland. He was U.S. Senator William F. Knowland, known as the "senator from Formosa," indicating his predilection for the Kuomintang Party of General Chiang Kai-Shek, who was chased out of China by the Communist leader Mao Zedong. The Knowland family essentially ran Oakland, along with the Kaiser clan,

San Jose, about 45 miles south of my hometown, simply spread out and quietly became the Bay Area's largest city. Some of us snobs in the San Francisco-Oakland-Berkeley area looked down our noses at San Jose, complaining about how it was just like Los Angeles, sprawling out every which way without a soul. Even today San Jose can't quite overtake the haughty dowager queen of the Bay Area, San Francisco, but some of us narrow-minded sophisticates of old now feel envious of the San Jose area's thriving high-technology juggernaut, perhaps wishing we had those jobs, stock options and millionaire lifestyles.

The Bay Area hasn't been dull over the past half century, and despite annoying traffic jams and creeping environmental worries and the continuing sprawl eastward into the Central Valley, southward into the garlic fields of Gilroy, and northward into the rolling vineyards of Napa and Sonoma counties, the region remains the envy of many auslanders yearning for the California Dream. Whether area old-timers like me think the dream has gone poof is, well, a matter of almost endless navel-gazing. At least we can kvetch over some of the best food and wine in the world while basking in the sublime temperate weather that swirls through the Golden Gate. That is, unless El Nino is paying us a visit. 🏰

William Wong is a freelance writer who contributes columns to The San Francisco Examiner and Asian Week of San Francisco. Comments about this essay may be e-mailed to William Wong c/o "editor@statenet.com."

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Friday, February 20, 1998

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AROUND CALIFORNIA

1 REGULATION: California Poised To Lead Nation In Managed Care Reform

Managed care companies are bracing themselves for "an avalanche" of "major repercussions," the Wall Street Journal reports. — More than 100 measures are expected to be passed in December by Gov. Pete Wilson's managed-care task force completed by its recommendations. Among the most pressing issues to be addressed is which state agency should be responsible for oversight of HMOs, despite the fact that many patients with complaints regarding medical treatment under HMO processes are issued the same form and isn't covered by the various health plans. For information about the issues: "HMOs were invented in California and now cover one-third of the population, or roughly 66% of the state's residents."

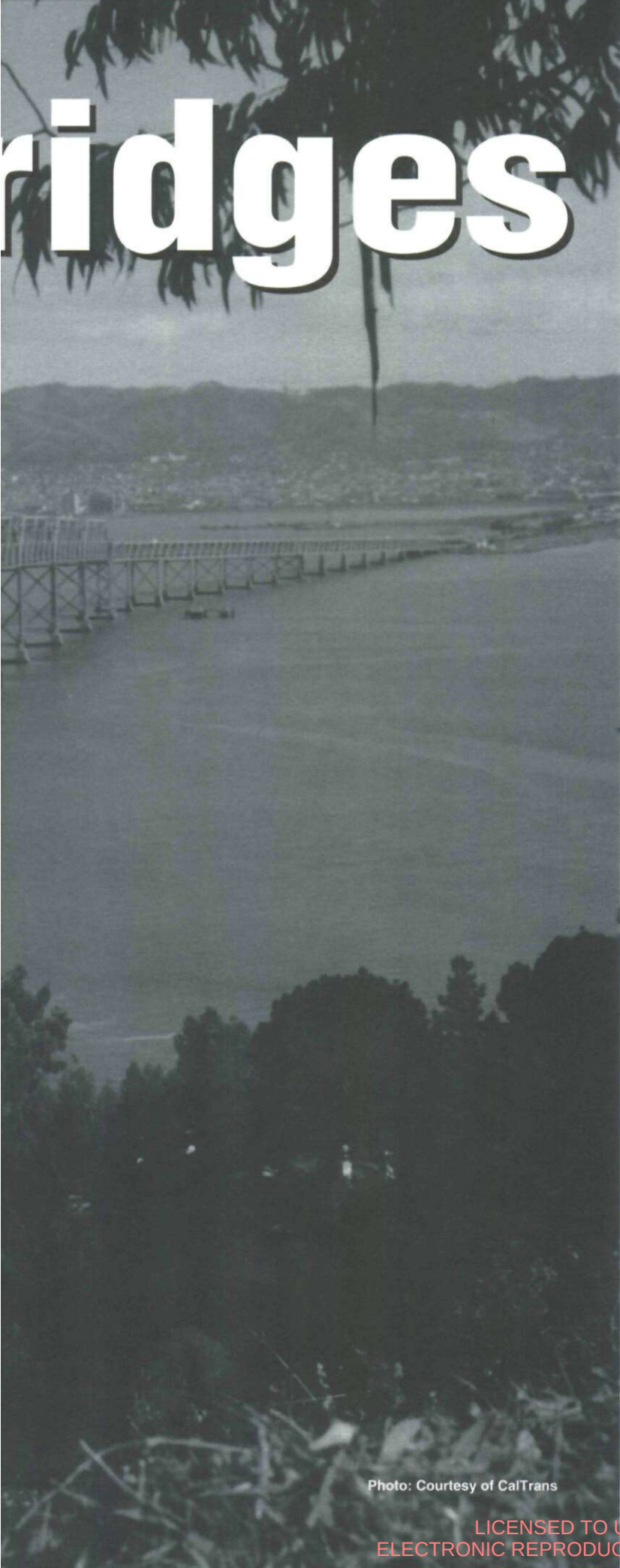
Dispute resolution will likely top the list of new reforms, according to Peter Wilson's task force recommended an "enhanced" dispute review process. While Wilson's task force recommended an "enhanced" dispute review process, it has yet focused on spending \$500 on dispute resolution for a test that costs the patient more than \$500.

The dependent of the California Association of Health Plans. Another dependent of the group formerly listed in consumers. Has gained

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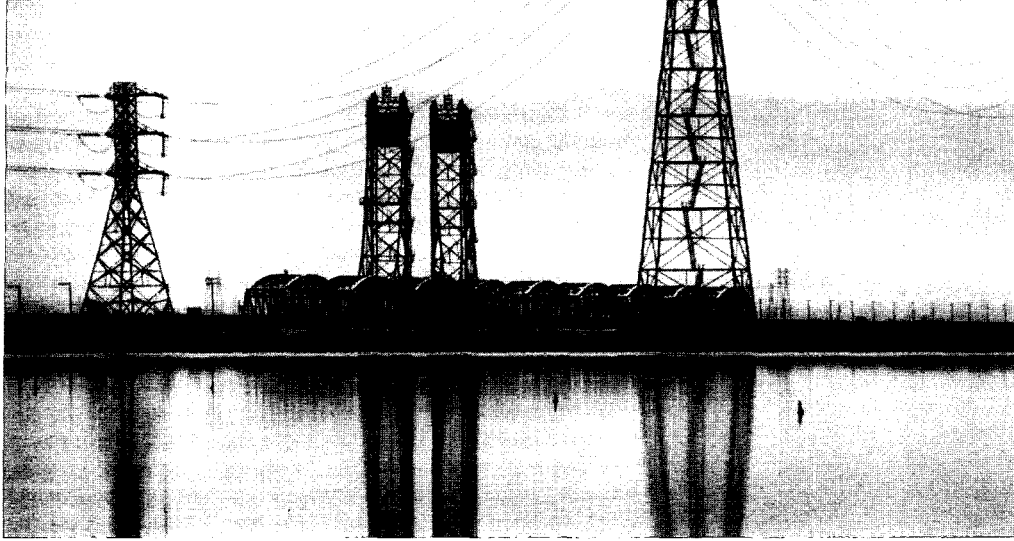
Past efforts to create regional government for the Bay Area have dissolved in parochialism. But with urban sprawl clogging traffic arteries and choking off their quality of life, local leaders are once again searching for ways to think regionally.

by Steve Scott

A little more than 30 years ago, as former actor Ronald Reagan was settling into his new job as governor of California, one of the first Democratic legislators to come calling was an assemblyman from Richmond, John Knox. Knox was hoping to enlighten the new governor about the challenges facing the region that included his home, the nine-county San Francisco Bay Area.

After detailing for Reagan some of the work he'd done in the Legislature on local government issues, Knox told Reagan about the increasing balkanization of the Bay Area. Too much traffic. Too much flight from the urban centers. Too many individual jurisdictions battling with each other. There needed, argued Knox, to be a centralized

Photo: Courtesy of CalTrans



Dunbarton Bridge

entity to handle regional planning for the area, allowing it to plan ahead for the growth that was pushing its boundaries away from the urban centers of San Francisco and Oakland. As Knox recalled it, Reagan's response to the pitch "showed at once that he had an open mind, and that he was not grounded in the traditions of California government."

"John," Reagan said, "why don't you just make it into one big county?"

Impractical as it may seem politically, Reagan's innocent query resonates today. In many ways, the Bay Area is a textbook example of a regional economic city-state. Its knowledge-based economy has tendrils reaching throughout the nine-county region and a market that extends around the world. Geographically self-contained for the most part, the Bay Area is nonetheless internally interdependent. High-tech manufacturers in Silicon Valley can't get their products abroad without the Port of Oakland. The Wine Country in Napa and Sonoma counties draws tourists from the steady stream of visitors first lured by the charms of "Bagdad By The Bay." The rise of telecommuting and the "virtual office" further serve to erase boundaries of distance and community.

But while its economy may be futuristic, the Bay Area's

institutions of governance sometimes seem caught in a time warp. Perhaps more than any other similar metropolitan region, the Bay Area remains a jurisdictional maze: nine counties, 100 cities, 162 school districts and more than 1,000 special districts, all serving a population of roughly 6.4 million people. The few regional entities that do exist are either advisory, or exert far less influence than similar agencies in other parts of the state, such as Southern California's South Coast Air Quality Management District.

The lack of any cohesion has led to a patchwork of zoning and land-use policies, through which development has snaked and alighted wherever it could, like a lightning bolt seeking the closest route to earth. The end result is urban sprawl and its many symptoms: overburdened freeways, dirtier air, costlier water, consumption of open space and agricultural land, and soaring housing costs — far and away the highest of any region in the country.

"Our government institutions are organized in a way that doesn't reflect the reality of our economy," said Sunne Wright McPeak, a former Contra Costa County supervisor who now heads the Bay Area Council, a regional business organization.

With another 1.4 million people headed for the region by the year 2020, the questions facing regional planners echo Reagan's seemingly naive impulse. If the Bay Area of the future is one economy, why not have one government? And if not one big government, then how can the region's many small governments be made to work together?

"This multiplicity of government is not a good way to run things," said Knox, who is now a semi-retired attorney. "You have duplicative law enforcement, duplicative fire and so on. There ought to be a way to attack problems that extend beyond the borders [of cities and counties]."

Most of those trans-jurisdictional problems can be traced to the impact of urban sprawl. As with most other metropolitan areas, the center of gravity in the Bay Area began moving away from San Francisco and Oakland in the 1950s, and that movement accelerated over the next three decades. Between 1960 and 1990, the average weekday commute in the Bay Area more than doubled and the percentage of commuters who were traveling outside the county in which they lived rose at an even faster pace. But for the Bay Area, it went be-



San Mateo Bridge

yond simple flight to the suburbs. Beginning in the late 1980s, San Jose and the area which came to be known as Silicon Valley broke out of "suburb" status and became, in many ways, the new center of gravity in the region (see story, page 36). Suddenly, an entire transportation infrastructure, designed to carry people across water so they could enter and leave San Francisco, wasn't taking people to where the jobs were.

The demographic and economic changes served to exacerbate the natural tension between the urban centers and the surrounding suburban and rural communities. Small-town council members regard the central cities as Typhoid Marys of urban blight, often invoking the name of the Bay Area's idea of "Great Satan" — Los Angeles — as an example of urbanization gone haywire. Local city councils and neighborhood associations threw up roadblocks to the construction of high-density housing, which they associated with urban blight, and even in some cases, got in the way of more desirable low-density single-family housing. The new mantra of suburban governing bodies was "local control."

"Often times, the reason for creating a new city is to *not* provide housing to meet regional needs," said Gary Binger, regional planning director for the Association of Bay Area Governments (ABAG). "Local jurisdictions have a serious problem with losing local control."

Suburban cities also found themselves competing with each other — and with their county governments — over highly prized retail and commercial development. Most trace the origins of that competition to the passage of Proposition 13, the groundbreaking 1978 initiative which slashed property taxes. Suddenly, maintaining basic local services depended less on property tax revenue and more on that raised through sales taxes, a fiscalization of land-use policy sometimes referred to as "zoning for dollars."

"You've got a mix of many major local decisions made with minimal consideration of the regional impacts," said Jim Sayer, executive director of the San Francisco-based Greenbelt Alliance, an environmental group which lobbies for open space and alternative transportation.

With jobs plentiful and housing scarce, the results were predictable. Home prices near where the jobs were located skyrocketed. The median home price in the Bay Area is \$312,000, and the median price in San Mateo County is over \$400,000. The search for affordable housing led worker bees of the new high-tech

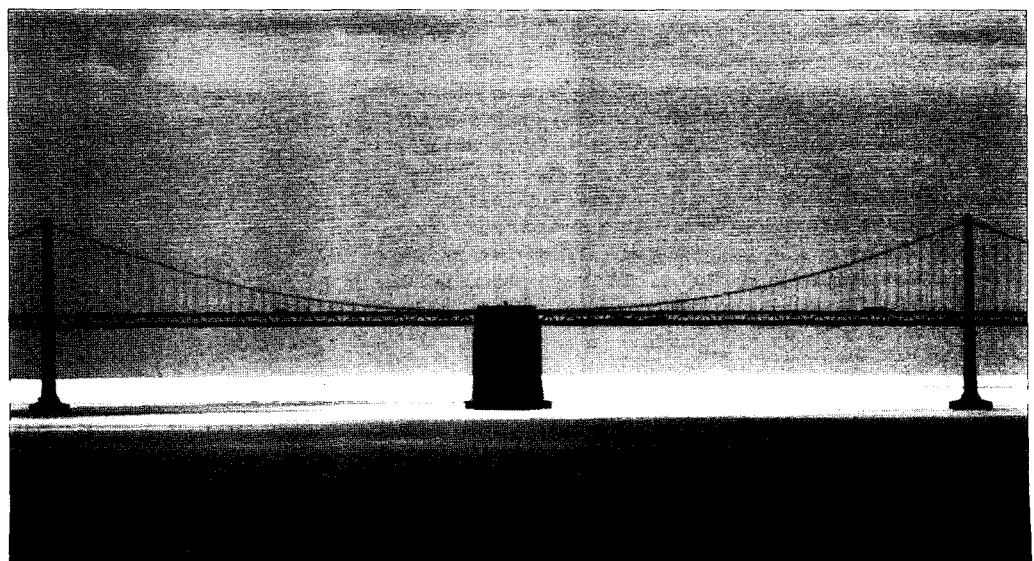


Richmond-San Rafael Bridge

boom to look farther and farther away from their jobs to find their dream homes — not only in the nine Bay Area counties, but over the hills and into Central Valley towns like Tracy, Modesto and Patterson. More commuters, more smog, less open space. There's also a whole new set of animosities. Recently, Alameda County filed a lawsuit against a housing development in Tracy, seeking reparations for the transit expenses and deteriorating air quality it will endure.

"Local government is closest to the people, [but] that system often overlooks some of those regional responsibilities," said ABAG's Binger. "We have to look at these things as being broader than our own city limits."

There are a handful of existing entities that do have a regional mandate. In addition to ABAG, there is the Metropolitan Transportation Commission, the regional air and water quality boards, and the Bay Conservation Development Commission (BCDC). All except for ABAG have some measure of actual authority over their areas of influence. MTC distributes federal transportation funds, the air and water boards are authorized to impose restrictions to protect their respective resources, and BCDC is empowered to protect open space around San Francisco Bay. But critics contend these agencies have been historically reluctant to look beyond their narrow mandates, for fear of raising the ire of their local government constituents. Sayer says MTC, for



San Francisco-Oakland Bay Bridge

example, has been reluctant to use its financial clout to encourage housing development near transportation corridors. Even ABAG, which is charged with looking at the entire range of regional issues finds itself in trouble when it attempts to step outside its advisory or informational role.

"Their bosses don't want to see them take away any of their power," said Mark DeSaulnier, a Contra Costa supervisor who sits on MTC and the air board, as well as on ABAG's executive board. "It's not unlike the United Nations

in that respect."

On at least two occasions in the recent past, Bay Area leaders have tried to break through the jurisdictional mistrust and consolidate some of their decision making. Knox, ABAG's founding president, led the first such attempt, seeking to combine all five of the existing regional entities into a super-agency. "My thinking was if we could get a multi-purpose agency with some sovereignty, we could get better decisions," Knox said. His proposed regional govern-

Bay Area Rapid Transit District

— the vision that fell short

by Noel Brinkerhoff

At first glance, the numbers and reach of the Bay Area Rapid Transit District (BART) look impressive, just as the sleek gray hulls of the trains did when the system first went on-line in 1972. Over 80 miles of track reach today across four counties — Alameda, Contra Costa, San Mateo and San Francisco — serving over 3 million people on both sides of San Francisco Bay. Riders can link with San Francisco's Manhattanesque financial district or the shopping mecca of Union Square from any number of points in the East Bay, including Oakland, Fremont, Richmond and Concord.

But when it was first conceived, as long ago as 1947, BART was envisioned as something more — a circumnavigation of the Bay by a rail network that encompassed all of the nine counties that encircle the region's defining body of water.

Legislation creating the system was passed in 1957, but the vision has never materialized in concrete and rail. Take a broader look at the Bay Area today, and it quickly becomes obvious that large, important segments of the region have been left out of the system. There are nine Bay Area counties, which leaves all four North Bay counties, including commuter-laden Marin, out of BART, as well as the Bay Area's southern and economically most important county — Santa Clara.

It is, in fact, the omission of Santa Clara and Marin counties from BART that stands out most when the issue of regional government is examined within a transportation context. For as valuable a system as BART can be, it has been unable — and in some cases unwilling, some

argue — to circumnavigate the Bay. It also has failed to coordinate, like other regional transit agencies, its train schedules with bus lines used by commuters in conjunction with BART, leaving some still wondering why the Bay Area has not created a transportation superagency to better align the various ways people get around.

Not everyone frets over what BART has not done. For instance, Senator Quentin Kopp (I-San Francisco), chairman of the Senate Transportation Committee, considers BART "a premiere example of a well-functioning regional agency" that hasn't been victimized by the "fractionalization" other Bay Area agencies have endured. And when the subject of Santa Clara County's exclusion from BART comes up, Kopp says that the county is the one to blame for it. "Santa Clara County should be a part of the district," Kopp says, "but Santa Clara County is selfish and devotes its money to its light-rail system."

In recent years, Santa Clara voters have adopted local measures to expand their light-rail service in the eastern portion of the county, up to the border where BART terminates in southern Alameda County. Charlotte Powers, a San Jose city councilwoman and chair of the Santa Clara Valley Transit Authority, says putting money into light rail is the "most economical way" for the county to link itself with BART service and questions whether bringing BART directly into the region would be "the most cost-effective way."

BART has its detractors.

"Any system that leaves out the Silicon Valley can't be considered a regional system," says Rod Diridon, executive director of the Norman Mineta Institute for Surface

ment won the approval of the Assembly in the early 1970s, and Knox believes he would have gotten a signature from Governor Reagan. However, the Senate rejected the idea by a single vote. Knox says much of the resistance came from rural Sonoma County, where local control sentiment ran strong.

As the Silicon Valley boom began to explode in the late 1980s, a commission made up of business leaders, local planners, environmental and education groups and others

developed a second regional government plan. Bay Vision 2020 not only sought to consolidate administrations but envisioned a system in which sales and property tax revenues were shared and the regional commission had the power to veto large-scale local development if it had a "detrimental impact" on the broader region. The proposal had the backing of all three urban mayors, and won the support of ABAG's executive committee. But ABAG's endorsement was rescinded under pressure from its smaller city

BART System Map



Transportation Policy Studies at San Jose State University. Diridon also points the finger at the BART board of directors for neglecting to reach into the South Bay and its almost one million jobs.

He cites two efforts during the 1980s, which he led while a Santa Clara County supervisor, when the county tried to negotiate a plan with BART officials to join the system. Both times, Diridon argues, the efforts failed because BART officials representing Contra Costa County and northern Alameda County didn't want to expand the board and shift the balance of power south with the inclusion of representatives from Santa Clara and San Mateo counties (San Mateo currently does not have board representation despite a \$200 million buy-in agreement with BART in 1990 and the present development of four new stations in the county).

James Fang, president of the BART board of directors, refutes Diridon's argument that BART officials undermined Santa Clara County's effort to join. Instead, Fang blames the county and its unwillingness to pay the costs of being a BART member, including sales tax revenues.

Meanwhile, in Marin County, where much of High-

way 101 regularly becomes a parking lot during rush hour, the problem of joining BART has been blamed ostensibly on cost and engineering factors. Marin County officials, along with those in San Mateo, balked at joining BART in the early 1960s because they didn't want to pay for the service. Also, the Golden Gate Bridge proved incapable of supporting a second deck for BART trains.

But one BART official, who wished not to be identified, says the real reason for Marin staying out of BART was "people didn't want easy access to the county from those of lesser, socio-economic backgrounds." If Marin wanted BART, the official says, another trans-Bay tunnel could be dug to extend service to the county — a plan that has been collecting dust in BART archives since the '60s.

Right now, Marin commuters who want to avoid driving and use BART instead must take Golden Gate Transit buses to catch a train — assuming they can make the connection in time. Trying to take buses either to or from BART, whether it's Golden Gate Transit, the East

Bay's AC Transit, San Mateo's SamTrans or San Francisco's MUNI, has long been acknowledged as difficult. One possible solution that has been kicked around is the creation of a transportation superagency under which scheduling, fares and operations for buses, trains, light rail and ferries would be coordinated. It's an idea that Kopp and Fang support, along with other elected officials.

But it hasn't happened because of "parochial" interests that continue to dominate the region, several officials say. The closest officials have come is allowing the Metropolitan Transportation Commission, a regional planning and programming agency, to coordinate fares and schedules of transit agencies. Kopp, who sponsored the MTC legislation, admits it's not the same as consolidating the different transit operations under one roof, but at least it's allowing MTC to move things in that direction, albeit at a "tedious" pace.

In the meantime, the Bay Area dream of BART ringing the bay continues to be just that — a dream. 🏠

Associate Editor Noel Brinkerhoff can be reached at noelb@statenet.com

members. In the end, legislation implementing Bay Vision 2020 was killed in Sacramento — again, by the Senate and again, by one vote.

“Bigger government is not always more efficient government or more rational government,” said Sandy Elles, mayor of the Sonoma County city of Cotati. “Local government is best handled when it’s closest to the people.”

While the political strength of suburbia was powerful enough to stop Bay Vision, the growth it was intended to manage continues. Binger believes local control is increasingly becoming “an expensive luxury” in an era of limited tax revenues and burgeoning growth. Sayer goes even further, suggesting that growth has already exploded to the point where “local control” is a meaningless concept.

“Local control is in some ways becoming less tenable, and in some regards more irrelevant when it comes to major regional decisions,” said Sayer. “When you get right down to it, how much control do [local governments] really have?”

Twice burned by the Legislature in their bid to create a formal structure to their vision, regional government advocates have, to borrow a phrase from former Governor Jerry Brown, lowered their expectations. Rather than trying to gather everyone under a single roof, regional leaders have adopted a more incremental approach. “Top-down regional government is not the construct for the 21st century,” said McPeak. “The challenge is not so much hand-wringing over the irrationality of the way government is organized but rather how to put together collaborative efforts to bring players together.”

One means of bringing players together has been to experiment with planning on a sub-regional level — essentially trying to build Bay Vision from the ground up. The cities of Oakland and San Leandro have begun a process of identifying shared interests that recently led to an unprecedented joint meeting of their city councils. And Elles participates in a working group consisting of representatives of Sonoma County and all of its cities which is looking at ways to turn down their internecine competition. One early result: The cities have agreed not to offer any special incentives to entice new retail development.

“We had a consultant come in and do an analysis of different revenues that cities receive, and it showed an oversaturation of general retail,” said Elles. “So we tried to develop policies to share revenue.”

In addition to sub-regional planning, broader efforts are being explored in the form of partnerships and coalitions which advocate for the principles of Bay Vision. Working groups involving business leaders, environmentalists, and affordable housing advocates have begun talks with local government leaders and regional planners to try to make Bay Area housing more affordable and more accessible to transportation links. A business-led blue ribbon panel has begun work devising water transit options for the region. A new public transportation and land-use

**We’ve got an attitude of
wanting to cooperate, more
so than ever before. City
and county officials realize
that there’s a regional
economy and
regional workforce.**

**— Sunne Wright McPeak,
Bay Area Council**

forum has begun working with MTC in an effort to encourage better integration of transportation and land-use policy. And many of the same groups which led the Bay Vision effort have formed a new coalition — the Bay Area Alliance for Sustainable Development.

“We’ve got an attitude of wanting to cooperate, more so than ever before,” said McPeak. “City and county officials realize that there’s a regional economy and regional workforce.”

Perhaps most striking has been the transformation of the environmental community. In the past, the focus of groups such as the Greenbelt Alliance has been to oppose all development in pursuit of open space, and op-

pose all freeway improvements in the pursuit of alternative transportation. Inevitably, that has put them at odds with advocates of low-income and affordable housing, since housing prices can’t go down until there’s enough out there to go around.

Recently, though, environmentalists and housing advocates have been encouraging a growing trend among Bay Area cities large and small: Urban growth limits. The idea is to set boundaries for development within a city or county. Outside of those limits, development would be severely restricted, if not completely banned, to protect open space. But inside the limits, development would not only be allowed but encouraged, through financial incentives and an easing of some construction defect liability laws. As these collaborations have increased, environmentalists have actually found themselves advocating in favor of developments, and even relaxing their sometimes hard-line opposition to the use of transportation dollars for road repair, rather than mass transit.

“There’s a new pragmatism in California, where businesses and environmentalists are working together,” said Sayer. “And if you’re building a coalition, everyone’s got to give, as well as get.”

To be sure, this “new pragmatism” is still in its infancy. Developers still largely gravitate to the most accessible open space they can find. Mass transit expansion remains a political football which brings out the least desirable aspects of local competition (see story, page 18). And suburban cities continue to resist any institution which treads too heavily on their autonomy. But regional leaders believe they are slowly but surely winning converts to a regional viewpoint upon which, they believe, the Bay Area’s future depends.

“We’ll never get to 2005 if we don’t have that ethos of cooperation,” said McPeak. “That’s the test of the truly competitive region in the 21st century: Can you respond to the changing economic forces? You can’t without that kind of cooperation.” 🏠

Political Editor Steve Scott may be reached by e-mail at steves@statenet.com.



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Rostum letters

The Minnies

Regarding your 1998 "Minnies" (see *CJ*, April 1998), I agree that the former poll was absolutely useless to a reader not familiar with the state Capitol. But this new version seriously misses the mark. Assigning labels to one's character, energy level, work ethic and effort and such is a daunting task. Most people working in and around the Capitol know the best and brightest, as well as the backsliders. But we only see them here, and few of us get a chance to see them in their district where it really counts. That's why you should stick to the best of the crop. A case in point. You felt Assemblywoman Denise Ducheny (D-San Diego) belonged to the "chaise-lounge" crowd. That label is just wrong. Not only does Denise not belong to this crowd, but she deserves recognition with "others on the treadmill." How a member in their second term can co-chair the creation of the state budget and end up on a chaise-lounge boggles my mind. Add the other issues she is willing to pursue for her constituents and the sum total is that you have made an error.

JIM CASSIE

San Diego Gas and Electric Company

Lockyer and Brulte and Kuehl intelligent? O'Connell has integrity? Migden and Aroner rookies of the year? No doubt. But Assemblywoman Denise Ducheny part of the "chaise-lounge" crowd? Hello? I know a lot of people who wish she were. I suspect she and her staff would be a lot less trouble if it were true. If more legislators worked as hard as Ducheny does as chair of the Assembly Budget Committee, the state budget would be passed months in advance.

DAVID HAWKINS

Faculty Association of California Community Colleges

Ethics

Regarding your article on campaign ethics (see *CJ*, April 1998), you claim that the "Orange County Republican Central Committee had hired armed guards to patrol polling places in heavily Hispanic districts." First of all, the Republican Party of Orange County never hired armed guards. And second, the legal challenges brought against Curt Pringle's election were brought by highly partisan Democrats who had lost the election. No wrongdoing was ever proved against Curt Pringle or the Republican Party of Orange County.

BILL CHRISTIANSEN

Executive Director

Republican Party of Orange County

Dan Eaton

The "Upfront" item in the March *California Journal* inaccurately depicts the qualifications of the newest member of the Integrated Waste Management Board, Daniel Eaton. First of all, Mr. Eaton is one of four members of the board who represent the general public. The law that created the board specifically requires these public members, along with one member each representing the solid waste industry and

the environmental community. The framers of the law even included a provision that only a public member could serve as chairman. More important, Mr. Eaton is extremely knowledgeable about solid waste issues. He was one of the legislative staffers who assisted with the passage of the law — AB 939 — and has continued his involvement in solid waste matters as a senior Assembly staff member. Most recently, he played a crucial role in helping his former boss, Assemblyman Cruz Bustamante (D-Fresno), shepherd an important bill to passage that allows the continued use of urban green waste as daily cover in landfills.

DANIEL G. PENNINGTON

Chairman, Integrated Waste Management Board

Chamber of Commerce

Although I greatly appreciate the attention you gave to the California Chamber of Commerce in your February issue, the article incorrectly characterized the 1997 reforms to the Endangered Species Act as "weakening" the law. Instead, changes made by the Legislature, on a bipartisan vote, were a win-win for both the business community and the environmental community. Although the balanced reforms gave authorization for the "taking" of endangered species, they only did so if the take did not endanger the continued existence of the species and the take was mitigated. Thus, the goals of the environmental community were satisfied. In addition to giving authorization to "take" some species, the law provides that the applicant for a permit to take cannot be made to mitigate the effects beyond the take's proportional impact on the species. These provisions satisfied the goals of the business community. The cooperative process established between the business and environmental communities not only achieved the goals of each participant, but can also serve as a model for future discussions on other overly burdensome regulatory problems.

ALLAN ZAREMBERG

President, California Chamber of Commerce

Tony Miller

The May issue of *California Journal* provided a generally admirable summation of the statewide electoral contests, but with one glaring and regrettable exception. The coverage of those running for lieutenant governor was fair and accurate — in the text. But the accompanying photographs showed only four of the five major candidates, ignoring Tony Miller. According to the *Los Angeles Times* poll, published at the same time as the *Journal* article, Tony Miller was virtually tied for first place. He was clearly ahead of three of the four candidates whose photos you did publish. While the story on the race was very balanced, the omission of Tony Miller's photo is inexplicable.

MARCH FONG EU

Chairwoman

Tony Miller for Lieutenant Governor

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Southern Exposure

perspective

By Sherry Bebitch Jeffe

Dear Southern

What's the big deal about the Southland anyway? Wasn't it the late Herb Caen who said something about people who like L.A. deserving to live there? You gotta admit San Francisco rocks. What's your perspective?

Signed,
Baffled by the Bay

Dear Baffled

So you want to know the Southland's take on that tiny speck of California real estate called the San Francisco Bay Area (whose boundaries — as most Southerners compute them — stretch not much beyond the confines of The City).

How can I put this, without hurting those sensitive, hot tub, Rolwing, Sausalito feelings of yours?

It's, um... well, this: "Who Cares?"

It's not that we in Southern California don't like you. We certainly don't hate you. It's just that we've got too many other gigs going to obsess over you with the intensity so many Bay Area types seem to fix on us.

Take the latter you work up over the Giants-Dodgers rivalry. It's a blood feud up there; just another away game down here. Ever when former Dodger icon Orel Hershisier suited up in Giants colors (What *are* they, anyway? On a clear day, the whole sky is Dodger blue.) hardly an Angeleno chewed the scenery.

We just can't understand your vitriol. After all, it's not like it's the UCLA-USC football game. Los Angeles doesn't even have a *pro* football team to get revved up about. But don't gloat over stealing the Raiders away from us. We stole 'em first and their return to Oakland is really an L.A. plot to get rid of an annoyance.

And then there's water. We drink it (and a lot of it from designer bottles); you worship it. Remember the 1982 vote on establishing the so-called Peripheral Canal, which would have looped around the Sacramento-San Joaquin Delta to deliver Sacramento River water more directly to Southern California? The project went down big — thanks, in part, to the Bay Area, which voted roughly 9 to 1 against the controversial trough.

That led one Southland wag to opine, "There are two kinds of Northern Californians. Those who don't want to give Southern Californians any more water. And those who *prefer* they have *none*."

Things don't seem to have changed very much. Still,

we'd *never* begrudge you *your* fair share of the wet stuff; you can take *all* of El Nino, as far as we're concerned.

And, yes, it is true that a lot of Southerners who stop to draw a bead on the Bay Area look at San Francisco as "Disneyland for Adults." A fun place to visit. Nice bridge. Good restaurants. And a City for which its mayor, former "Ayatollah of the Legislature" Willie Brown, is a perfect match. A party as big as San Francisco needs a flamboyant *maitre'd*.

Despite its self-acclaimed flamboyance, San Francisco, from a Southern perspective, seems no more than an unobtrusive backdrop for the Southland's titanic movie set. (Did you know that L.A. County — alone — accounts for 93 percent of all media production in the state? Take that, Don Johnson!)

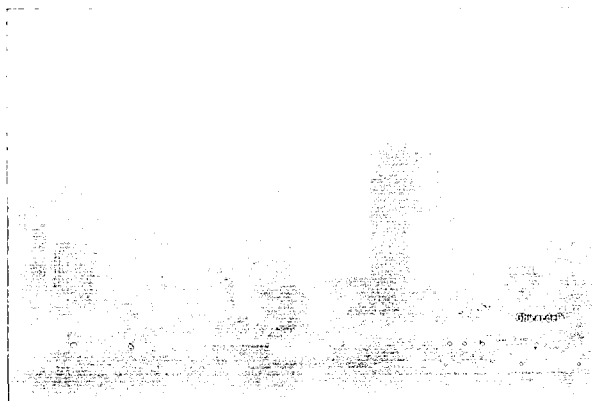
But there *is* another side of San Francisco, one that Southlanders seldom see as we zip in and out of the Bay Area for our meetings, our meals, wine tasting and occasional location shoots. *You* work in the heart of an urban center, live there, *walk* there, commute *to* there. Backdrop, it's not.

By simply turning a street corner you confront the state's diversity, its glaring problems as well as its promise. You see daily the face of urban life — poverty, AIDS, homelessness. We, on the other hand, can avoid it. We don't *stroll* the neighborhoods in Southern California. We drive *away* from our central cities and can skirt our downtown landscape. When there's no getting around it, we dress the set with the sounds of soothing CDs or singing cellular phones, which fill our hermetically sealed cars. And cues our relentlessly good weather. (Could it be "seasonal affective disorder" — going nuts from light deprivation — that makes the Bay Area grumpy about sunny Southern Cal?)

So in the end, dear Baffled, you can abhor Lotusland, if you will; resent us if you must. We'll likely respond with ... nothing. But we care about you Bay Area folk; we really do. If you want to know how much, just remember we gave you Jerry Brown, that downwardly mobile Angeleno who began his political career on the Los Angeles Community College Board, and Al Davis — back again.

Who loves ya, baby?
Let's do lunch. ☺

Comments on Contributing Editor Sherry Bebitch Jeffe's columns may be e-mailed to "editor@statenet.com."



San Francisco



Photo by George Hall

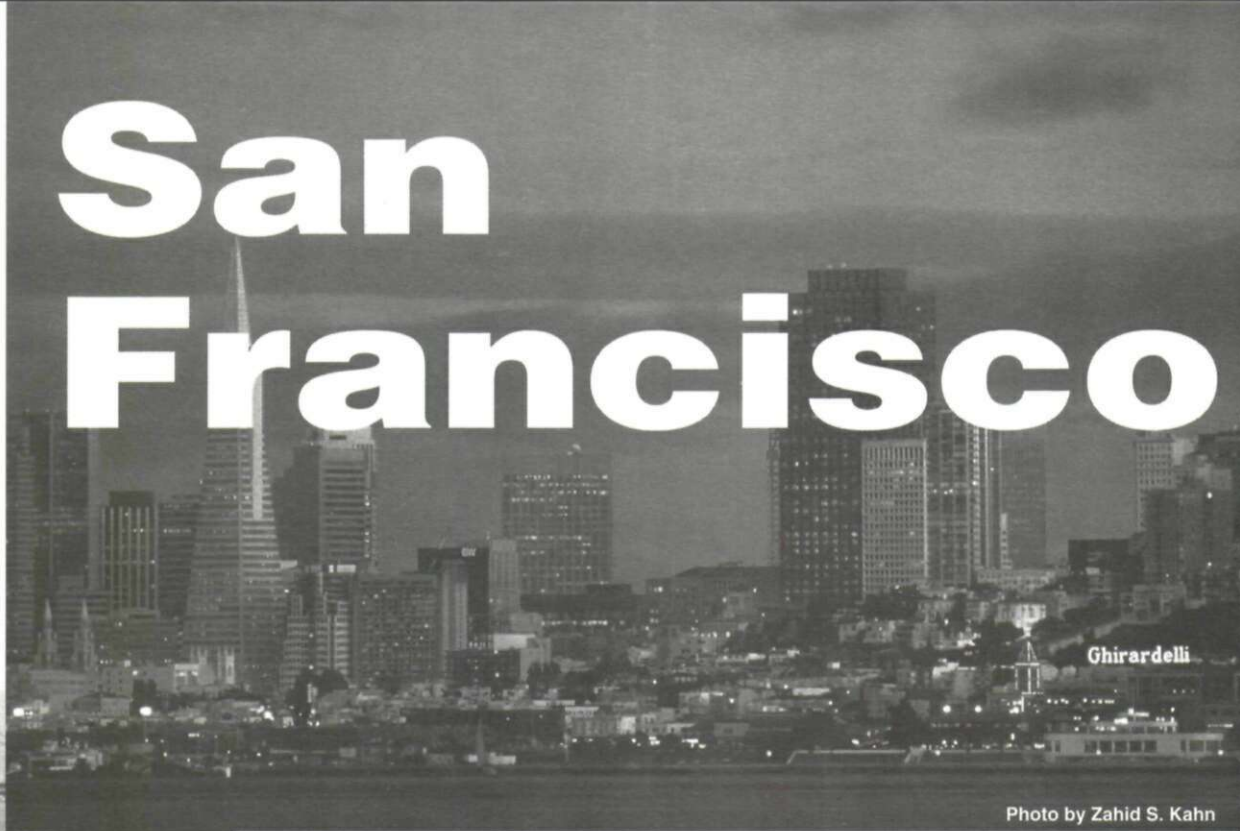


Photo by Zahid S. Kahn

The Bay Area's "crown jewel" is, in many ways, the victim of its own success. Its economy is booming thanks to high-tech and tourism, but not everyone is sharing in the boom. Real estate values are soaring, but so is traffic congestion, putting a few dents in The City's crown.

By Cynthia H. Craft

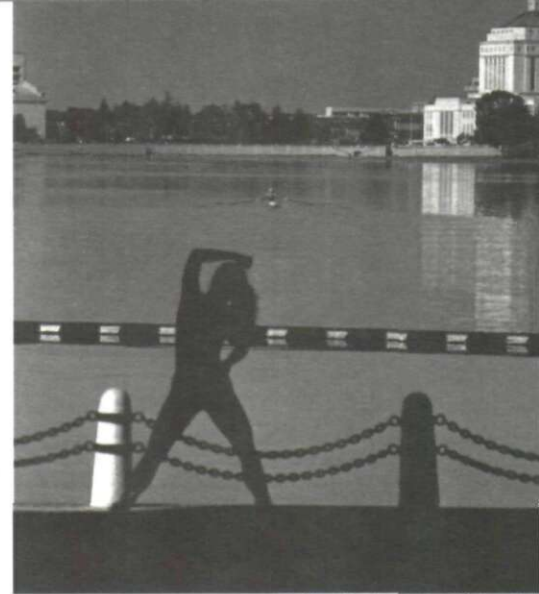
Faith has taken a decidedly high-tech turn up on the sixth floor of Glide Memorial Church, where the poor congregate not on pews before an altar but in a classroom amid rows of computer monitors. Here, at the church's multimedia learning center, the jobless and underemployed struggle for literacy in the languages of hardware and software, hoping to find a key to unlock the gateway to San Francisco's boom times.

Continued on page 32



What does the Bay Area's "other city" want to be when it grows up — a mirror of haughty San Francisco or a western Detroit?

By Kathleen Les



Oakland photos by Michael Moya of Moya Photographx

It was to be Oakland's great misfortune that Gertrude Stein would coin a famous lament to describe her East Bay years of the 1890s. She may have remembered her childhood in Oakland as a place with "no there, there," but even then Oakland was a bustling seaport of quays and wharves met by a web of rail and streetcar lines where pioneers from the east and goods from the west passed between San Francisco's front door and the continental United States.

Whether Stein intended her remark to characterize Oakland or her own childhood has become irrelevant; her words stuck to Oakland. The catch phrase has come to symbolize a city without a center — without essence — and is both the bane of Oakland's problem and the gateway to misperceptions about the city. Oakland, not easily defined in a phrase but clearly a city that has struggled for an identity, has been maligned, misunderstood and constantly in the shadows of its illustrious neighbor — San Francisco.

"Oakland's image problem has always been a comparison problem," said Kofi Bonner, the city's former economic development director who now works for the City of San Francisco.

For the past 40 years, Oakland's economic foundations have been eroding, locking it into images of urban grit and crime. But those images do not provide a complete picture of Oakland. There is — and since the 1920s has been — another Oakland, where professors, doctors, business people and lawyers have lived in bungalows and stately small estates that climb through hills above the Bay. Up and down the central spine of College Avenue — a tidy strand of gourmet bakeries, bookstores and boutiques — parents stroll their babies, stopping for lattes along the way. Drawn into the large circle of prosperity made possible by growth at the nearby University of California and swept up into the embrace of the growing service and high-tech industries, these Oaklanders share more in common with hillside neighbors in Berkeley and Piedmont than with fellow residents in the city's flatlands below.

It is there, on the broad lower shelf just above the Bay, that the economy of the past several decades has dealt a bad hand. Instead of brightly colored awnings beckoning passersby into cafes, the streets of this Oakland are lined with bleak and boarded buildings where men, haggard and idle, loiter outside aging liquor stores and unattended children romp aimlessly nearby.

In this Oakland, covering nearly half of the city's 54 square miles, poverty casts an image so powerful that, for many, it is the face of all that Oakland is — or can be. To be sure, the breadth of poverty's havoc is real. According to the 1990 Census, one in five residents was surviving on public assistance; more than half subsisted on incomes so marginal as to be considered low income. In many ways, the disparity in earning power cut along racial lines. African Americans accounted for 44 percent of the population but brought in only one-third of the money earned in the city; Anglos, just a third of the city's residents, earned more than half of all household income.

Yet even this face of Oakland is misleading, for it portrays a city strictly segregated along racial and economic lines. There is more middle ground to Oakland than the statistics would reveal. In fact, Oakland is known in some circles as one of America's most diverse cities. For instance, every census tract in Oakland is of mixed ethnicity, including the more affluent hill areas.

Despite its affluent enclaves, Oakland is anything but robust economically — a situation that wasn't always so. During the first half of the century, work in Oakland was plentiful, whether it be canning food, assembling cars or building ships for companies such as Heinz, Chevrolet and Kaiser. By 1929, the Oakland environs — nicknamed "Detroit of the West" — had workers in more than 1,500 manufacturing firms churning out machines, electrical goods and household products. During World War II, Oakland's Kaiser Shipyards became famous for building "Liberty ships" from keel to launch in a matter of hours, rather than days or weeks. Those shipyards worked 24 hours a day, seven days a week, employing thousands of workers, many of whom migrated west for job opportunities presented by the war effort.

But the end of the war also brought an end to the need for Oakland's ships, and the city's prosperity began to



Photo by Michael Moy

crumble during the 1950s. The large numbers of semi-skilled African Americans who had come to the East Bay for war work were the primary victims of this decline, which coincided with the postwar exodus of a white middle class for new homes in the suburbs. Together, the two trends set in motion an economic and demographic shift that would cause a once-prosperous city to stumble for decades.

This sagging job base was compounded by the same rapid de-industrialization that hit cities such as Pittsburgh, Detroit and Akron during the 1970s. Like its metropolitan counterparts elsewhere, 30 percent of Oakland's industrial jobs — nearly 10,000 altogether — dispersed across the region or went overseas during the 1980s alone. The dip in local income sent retail sales into a tailspin as well, to 30 percent of those a decade earlier. "Industry went out like a tide and left these people sitting here," said Ed Blakely, a mayoral candidate currently on leave from his post as an Oakland-based specialist in urban revitalization at the University of Southern California. "[Now] we have a black lower class that is not a participant in this economy."

Today, Oakland is still trying to recover and, as such, seems to be a city divided by notions of what it is and what it wants to be — an identity crisis that has, in some ways, consumed the city ever since the hastening of its economic decline. Will it be driven by its downtown, mirroring San Francisco's white-collar business core; or by its docks, putting its unemployed back to work in blue-collar jobs that offer a ride to the middle class?

In essence, Oakland has decided to attempt both. And the reasons are both geographic and demographic. In terms of geography, explains Steve Costa, director of Sharing the Vision, the group fleshing out the comprehensive strategic plan for the city, "There are only two or three other places in the world with the convergence of a maritime port, rail and freeway access like that in Oakland." More important, this convergence sits on the lip of the Pacific Rim, with its unlimited access to potentially explosive Asian markets.

In terms of demographics, a large portion of Oakland's population is suited for the kind of work that could be available if plans for expanding the city's port and airport produce jobs. Recent plans underscore a heightened role for Oakland in the regional economy that capitalizes on its strategic central East Bay location. The downtown, still centrally located to most of the Bay Area, will become the center point for state and regional government headquarters, while the Port of Oakland and Oakland Airport position the city as the region's maritime and air cargo center.

Government itself has helped fuel the beginnings of Oakland's revitalization. The downtown boasts over \$425 million in new building projects, anchored by the twin towers of the recently completed federal building. When ultimately completed early in the next decade, 25,000 workers will buzz among a cluster of new high-rise government buildings representing nearly \$1 billion in public and private investments.

Alongside the federal building will be new homes for several city, state and regional administrative offices, including a renovated City Hall and a new base for the president of the University of California. What many thought was a course of last resort — government buildings that generate no tax dollars — has turned out to be a jump-start for the city's downtown economy. Following government's lead, major retailers also are showing renewed interest in Oakland.

The city pins its highest hopes for new work opportunities on the twin economic engines of the port and airport, however. Revenue tonnage passing through the maritime port — now second only to Long Beach on the West Coast — increased by a hefty 68 percent since 1980. Air cargo through the city's airport grew by almost 20 percent each year over the last 10 years. New cargo handling and shipping jobs coming on line as part of planned seaport and airport expansions could be a boon to Oakland's employment woes if city leaders work out a plan to train and place locals in the new jobs. Currently, only 19 percent of direct port jobs are held by Oaklanders. Oakland-based jobs for Oaklanders are important, for they provide a gateway out of poverty and into the middle class.

Although poverty has been concentrated most profoundly among blacks over the last 20 years, a significant number of African Americans have become part of a burgeoning multi-ethnic middle class that also includes Asians and Latinos who are working their way up from west Oakland and into the hills. But despite the various attributes that locals have long pointed to — well integrated neighborhoods, better weather and less congestion than the more famous city across the Bay — businesses are just starting to warm to the idea of locating in Oakland.

"You do the analysis, and there is an incredibly underserved market here and no logical reason for it other than an unwillingness to overcome ignorance," said downtown developer Phil Tagami. With ever higher rents squeezing businesses out of San Francisco and rising anti-growth sentiments offering less room in suburban communities, Oakland is ripe for becoming a destination for businesses and residents, he explained.

But poverty's legacy is hard to eradicate, for that legacy is fostered by schools where 20 percent of African American males never graduate and those who do often are unqualified for today's work, a shrinking tax base and a political system made more complex by interests that often compete for limited resources. Among those competing interests are 150 strong-minded neighborhood groups and a city council elected by districts. "Council members have a tendency to pick first for their district and second for the overall city," said Kofi Bonner. As a result, Bonner added, past efforts to fashion compromises among various groups have led to frustration and failure.

But the situation may be improving. Recent efforts to bring groups together over such matters as a general plan for

the city's future have been more successful. As a result, a brighter future may not necessarily be measured in glass and steel high-rises but in an emerging attitude of compromise among groups that before competed for attention and resources. For developer Tagami, this is current Mayor Elihu Harris' greatest legacy — a four-year dialogue on the general plan that involved constituents from every quarter of the city. The result: a consensus-based document that Tagami said demonstrated "that we are one city."

Meanwhile, Oakland's struggle for an identity goes on, symbolized most recently by the race to succeed Harris as mayor. The election has brought national attention to Oakland because of the candidacy of one Edmund G. Brown Jr. As of mid May, polls showed that Oakland was grasping at his candidacy and that Brown was almost certain to emerge from the race either mayor or in a runoff for the job. Yet Jerry Brown and Oakland seem an incongruous match — the gritty reality of a modern, troubled city and the airy notions of California's former "Governor Moonbeam." Does Oakland see Brown as a competent chief executive, or as a quick fix for its image? And what does a successful Brown candidacy say about how Oaklanders want to be perceived, as opposed to how they want their problems solved?

Regardless of the answers to those questions, Oakland's next mayor — whether it be Jerry Brown or some other candidate — must seize the moment to imprint a new there there. 🏛️

Comments about this article may be e-mailed to Associate Editor Kathleen Les at "kathyl@statenet.com."

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San Francisco

Continued from page 28

Each year, about 1,500 needy adult students rotate through Glide's six-week courses, determined to buck the trend of low-income and ethnic minorities being left behind as the affluent and advantaged plug into, and reap the benefits of, the fruits of the Electronic Age. While the classroom scene itself is hardly unusual in a city that's top-heavy with colleges and universities — and one that's dubbed by the industry as the number-one Wired City in America — what's unusual is *who* is in the classroom: the have-nots. Struggling single mothers, the down-and-out, onetime welfare recipients, even some street folks. An estimated 85 percent have no other access to computers — nowhere else to go for the kind of hope and empowerment that comes with learning leading-edge applications in an increasingly information-based age.

Here, the needy make rare acquaintance with the promise of opportunity.

Emphasize *rare*, says the Reverend Cecil Williams, leader of this Ellis Street church just a stone's throw — but, really, worlds away — from the tony Hilton Hotel. Williams knows well the effect the new economic boom has had on this city whose people he has fed, clothed, counseled, taught and guided for decades: "San Francisco is becoming a city of 'the haves.' It's been rapidly moving in that direction for the last 10, 15 years. Now, the march is much more intensified."

But doesn't prosperity tend to enrich everyone eventually? What about the ripple effect, the trickle-down? Text-book economics aren't in evidence in this real-world scenario, says Williams. Vast swaths of San Francisco's population are being frozen out of a windfall that's aiming straight for the laps of professionals in key technological and financial service industries.

To be sure, this scenic gem of a town — which calls itself America's Favorite City and is the number-one tourist destination in California — has prospered greatly in the knowledge-rooted economy of the mid- to late-1990s, after having lost 35,000 jobs in the downsizing of the early part of the decade.

But this sudden wealth comes with a downside: Besides carving deeper and wider the gap between rich and poor, it casts a long and ominous shadow onto the lives of most San Francisco residents. It worsens traffic congestion, inflates real estate prices, displaces renters and small businesses through gentrification and increases density as fortune-seekers and the newly affluent crowd into the crown jewel of the Bay Area. Despite its compact geography and limited landmass, San Francisco absorbed another estimated 17,000 newcomers last year, enough to boost the population 2.2 percent to 789,600, according to the California Department of Finance. In short, as longtime residents see it, San Francisco has become somewhat of a victim of its own desirability and success.

The modern-day prospectors pouring into the city are arriving at a time when competition for decent, affordable housing is fierce. City Hall's solution? Mayor Willie Brown Jr., who credits city planners for fostering a housing and jobs balance, colorfully suggests more "live/work spaces and high-rises that are half offices and half apartments." In

modest single-family-home neighborhoods that decades ago were settled by Irish and Italian clans, a new wave of Asian immigrants is arriving and sharing living quarters as an answer to the housing crunch.

Down in Multimedia Gulch, the blossoming base of Web designers and computer experts south of Market Street, today's bloom is fueling a speculator's mind-set similar to the gold fever that gripped the city 150 years ago. Techno-entrepreneurs work day and night for a stake in the cyber-wealth they see busting out all around them; this gonzo-style work culture is so ingrained that small-business incubators boast that their services include tips on "where you can get a sandwich at 4 a.m."

But unlike argonauts of yesteryear who boastfully and foolishly tossed riches around a young and raucous city that shared in the good times, these New Millennium gold-diggers travel in limited circles. They tend to keep their earnings close to the vest until the time comes to splurge on major purchases such as cars or houses. Consequently, Williams says, the *nouveau riche* remain apart from the greater community and ill-prepared to mull over questions about sharing with those less fortunate.

"The computer industry is elitist in the first place. They don't go out among the poor folk who are sitting in the park, soaking up the sun," said Williams. "They figure they can buy the sun if they need it, and bring it in their homes."

In the end, the reverend predicts, this lack of intermingling and outreach may threaten the diversity and tolerance that is the hallmark of this beautiful and quirky city.

Meanwhile, as city leaders bend over backward to provide incentives and services to three industries the chamber-driven San Francisco Partnership has targeted for nurturing — multimedia, biotechnology and financial services — citizens grumble that some of their everyday needs are not being met. Public parks are lacking family-friendly amenities such as swings and playsets, the public bus system is notoriously overcrowded and unreliable, and the city is slow to find a workable solution to the homeless encampments taking over portions of Golden Gate Park.

His Willieness, as the mayor's detractors have taken to calling him, inadvertently gave this perception a boost last fall when he overreacted to critics of the homeless by rashly ordering cops to sweep not only campers but simple loiterers, some lollygagging on blankets in the midday sun, from the park.

Those who measure a city's livability see signs that the



Photo by Kerrick James

economic expansion has knocked a few dents in San Francisco's crown. In 1997, the median home value surpassed \$300,000, and today, the Building Industry Association says, only 19 percent of the city's dwellers earn enough to be able to buy a home. Studio apartments are renting for up to \$1,800 a month; longtime tenants are getting evicted by landlords who move into their units only as long as the law says they must before they can place the properties back on the market at highly inflated prices. Against this backdrop, many young professionals are being forced eastward to more affordable communities across the Bay.

"The housing thing is a problem," said Janet Colwell, senior editor of the *San Francisco Business Times*. "It's the dark side of this whole economic boom."

A new study of the city's housing market reveals that the number of evictions are soaring sky-high, with more than 2,700 people ousted from March 1997 to February 1998, a stunning 42 percent increase. It appears that speculators are trying to get the jump on new laws that will restrict landlords from purging their buildings and then seeking higher rents, say officials with the San Francisco Rent Stabilization Board, which released the study.

In the once gritty, now trendy, SoMa neighborhood,



Photo by Kerrick James

residents who gentrified marginal city blocks a mere dozen years ago are now getting the boot from a new generation of urban-renewal visionaries who plan to treble rents. Manufacturing and blue-collar small businesses are being swept out to make way for developers converting warehouses to lofts, marketed as live/work spaces complete with upgradeable phone lines and wireless Internet connections faster than T1 lines. One study had loft space rising to \$32 a square foot for tenants who paid half that when they moved in three years ago.

With the real estate market sizzling hot, profiteering has become so blatant that even the winners are starting to complain. The pioneers who settled Multimedia Gulch, the risk-takers who blazed the trail for hundreds of small firms to follow, are now putting the squeeze on City Hall. They warn that rising rents, scarce parking and local taxes are tempting them to take up offers to relocate to wannabe multimedia hubs like Austin, Boston or Seattle.

Mayor Brown is quick to respond in the face of studies that show the multimedia industry, which 10 years ago didn't

even exist, generates revenue of \$2.2 billion annually and employs an estimated 37,000 people. Brown, along with other leaders, agreed the industry should be nurtured by a new technology venture fund, seminars, a multimedia campus with an incubator for start-ups, sliding-scale rents, improved public transit and more.

All of which makes residents wonder why a fix-it is slow in coming for the bigger problems facing a city where a trans-bridge trip can tie up a commuter for an hour, or a drive to the airport through congested streets can last three. It's gotten to the point where even the untouchably flashy mayor the city loves to love (as a conversation piece) is becoming the mayor the city loves to hate.

"I think his image has certainly been hurt by the way he's handled himself in office," says Ken Garcia, a columnist for the *San Francisco Chronicle*, who picks up on peoples' frustration over Muni bus snafus and the Golden Gate Park homeless gaffe in particular. "If there were a very strong candidate in the next election, he'd have a tough time."

Garcia, born and raised in San Francisco, said that while the city's boom may squeeze out some middle-income residents, the two extremes of rich and poor will always be around to bookend the population.

"Let's face it, the have-nots rule a good part of San Francisco. This has always been a very tolerant city and they still have a very strong contingent," he said. "At the same time, you can see many neighborhoods changing before your very eyes. You can see the franchising of the city."

Just the other day, Garcia said, someone mentioned that the latest twist to San Francisco's growth spurt is the arrival of Silicon Valley's "overnight millionaires." "I heard a report that a lot of Silicon Valley execs are now moving to the city because it's a better place to live than down there."

Indeed, in April, the electronic game giant, Sega of America, announced its relocation of 200 jobs from Silicon Valley to the SoMa portion of San Francisco, in part because it outgrew its former home and rents were comparatively cheaper in the city. Boosters with the San Francisco Partnership crow about other firms to make the move, such as CenterView Software, which is described as a "1996 escapee from Silicon Valley." The partnership shares a glowing letter that CenterView's founder and CEO, Mark Douglas, wrote to the *San Francisco Examiner*: "I don't pretend to be the first person to recognize the merits of having a software company in San Francisco. Moving to the city was the best thing we ever did."

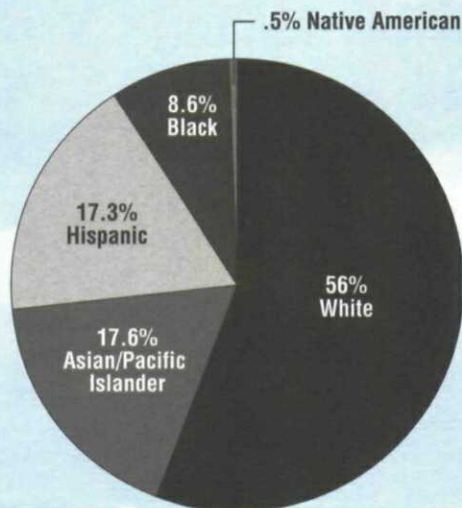
Maybe so, for industry and profit reasons. But when it comes to enriching the community, and being a good corporate citizen through benevolence and outreach, high-tech firms tend to fall flat, says Williams. As one who solicits support to keep the church's computer learning center up-to-date and running, Williams says he is often disappointed. He won't name names, won't burn bridges, but he does not hide his scorn in recalling the high-flying firm that called upon him breathlessly recently. "They said, 'We've just taken in \$20 million and would like to come over and do a filming with Glide.' They gave us \$5,000 and they were gone, able to say they support us." The same thing has happened with different firms seven, eight times, Williams said with a sigh. ■

Comments on this article may be e-mailed to Managing Editor Cynthia H. Craft at "cindic@statenet.com."

The Bay Area

Population

Race/Ethnicity (July 1996)



Cities over 100,000 population

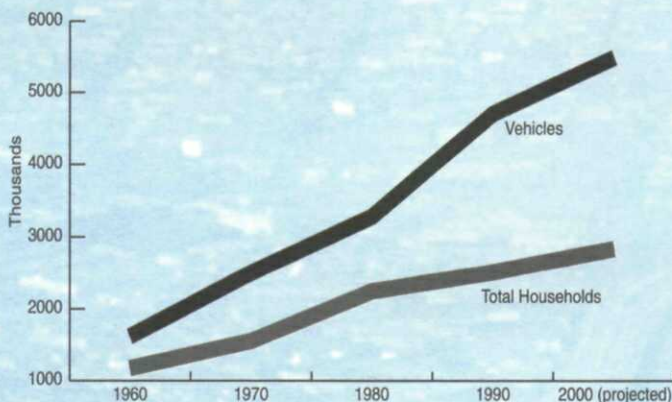
San Jose	873,300
San Francisco	778,100
Oakland	338,100
Fremont	192,200
Sunnyvale	129,300
Santa Rosa	127,700
Hayward	123,900
Concord	111,800
Vallejo	110,500
Berkeley	105,900
Daly City	101,300
Santa Clara	100,000

Current Population and Projected Growth

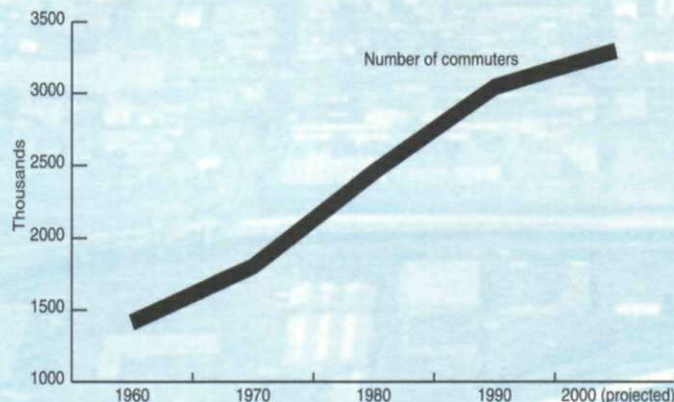
1996	2000	2010	2020	% Increase 1996-2020
6,502,900	6,824,200	7,397,200	7,774,400	20%

Transportation

**Regional Vehicle Ownership
1960-2000**



**Commuters
1960-2000**

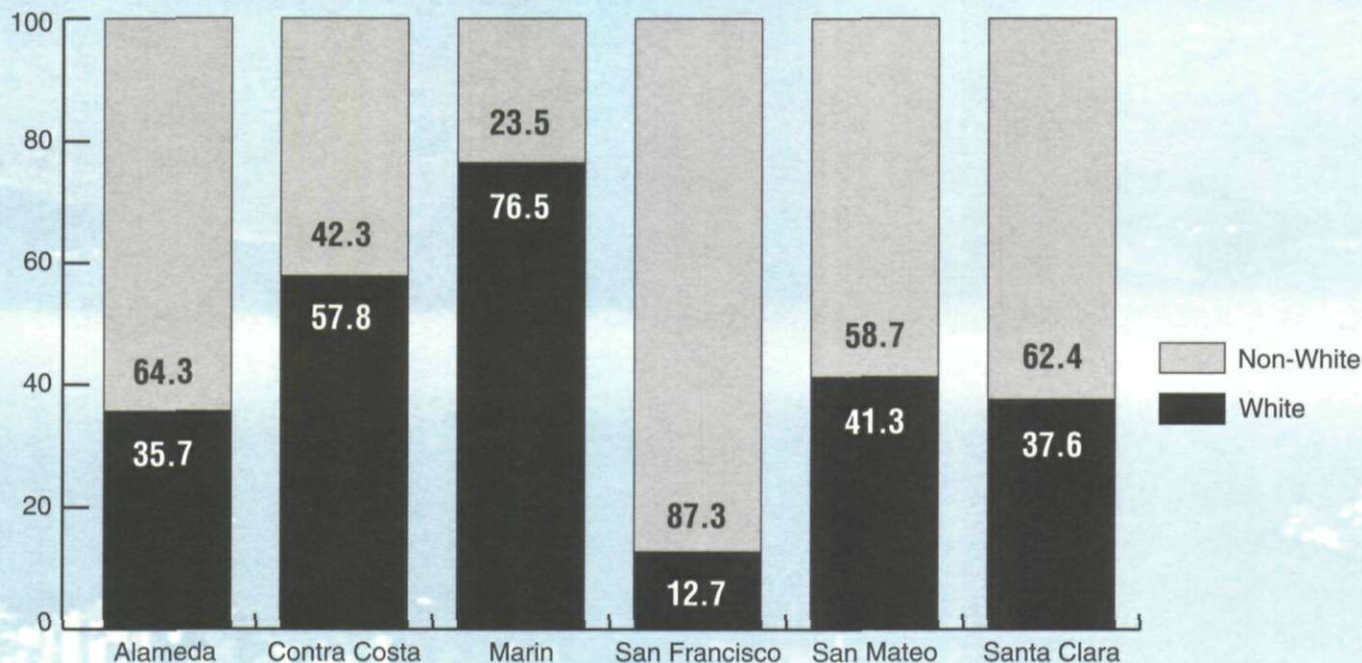


Except where noted, "Bay Area" statistics include the following nine counties: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, Sonoma

by the numbers

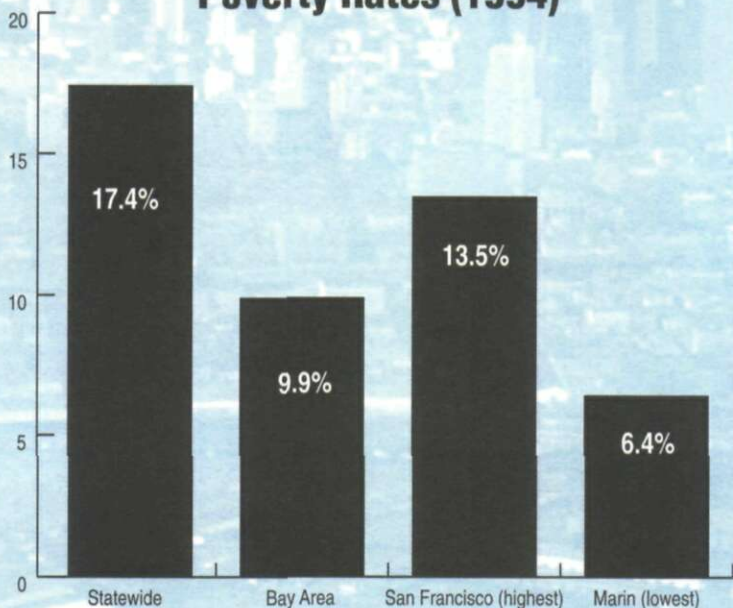
Education

Race/Ethnicity of student population (October 1996) Selected Bay Area Counties

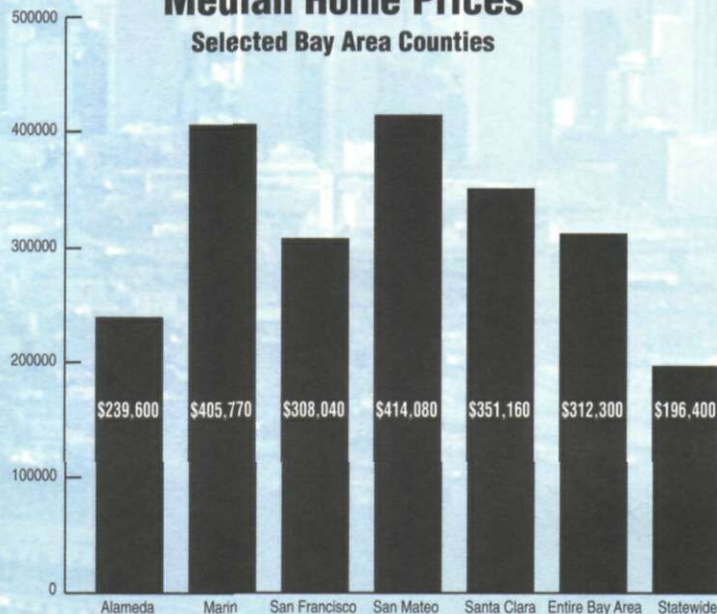


Economy

Poverty Rates (1994)



Median Home Prices
Selected Bay Area Counties

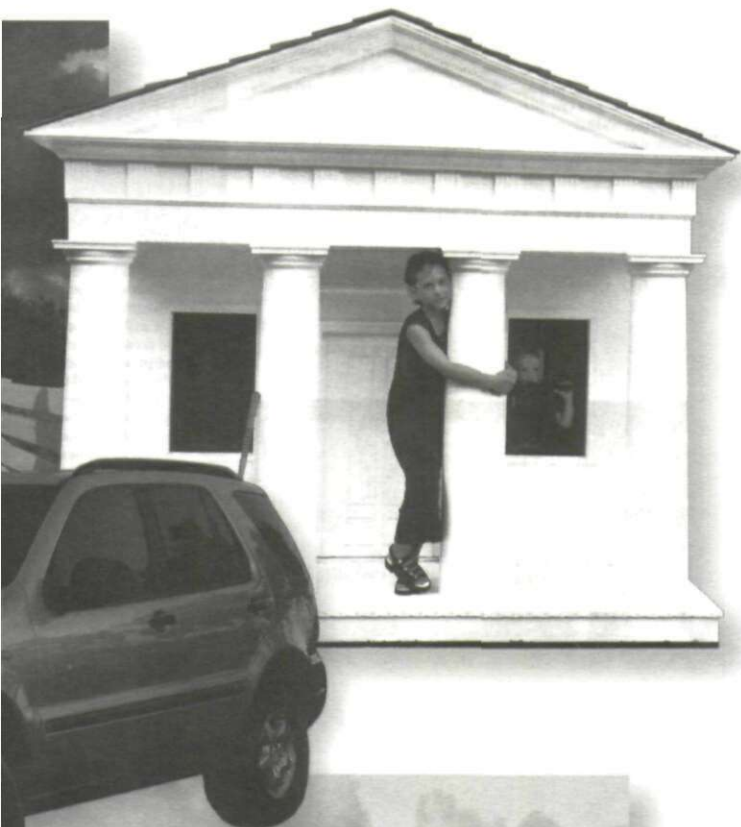


Source: Association of Bay Area Governments; California Department of Finance; U.S. Census Bureau; California Association of Realtors; Metropolitan Transportation Commission; California Department of Education



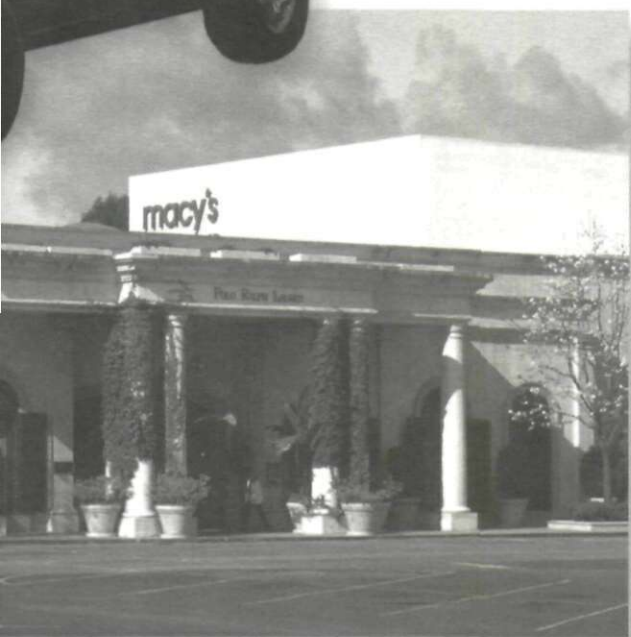
Stanford Shopping Center photos by Doug Peck

con Valley



The capital of high tech is the Bay Area's economic engine. And although its wealth is evident everywhere, its high-octane success could stall on some very basic roadblocks.

By Claudia Buck

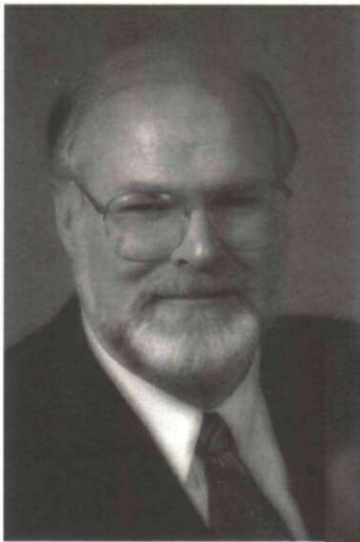


It's a world where office secretaries earn \$200,000 stock options but can't afford a condo, a world where young entrepreneurs plunk down \$180,000 in cash for red Ferraris but can't buy their way out of endless freeway traffic jams.

Welcome to Silicon Valley, the Bay Area's economic engine, where the stratospheric success and unprecedented wealth of the high-tech world has some very basic headaches: not enough roadways and not enough homes.

"There's no way we can grow at the rate we have in the last four years," said Becky Morgan, a former Republican state senator who now serves as president of Joint Venture: Silicon Valley Network — a collaboration of public and private entities that promote the region's well-being. "There just isn't the capacity — in classrooms, in land for housing or open space, or even on our roads — because of the strong desire to maintain our quality of life."

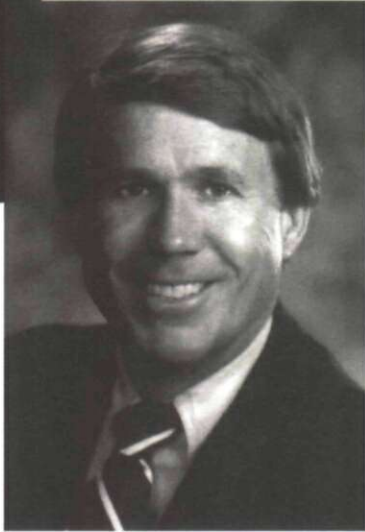
That quality of life is centered in Santa Clara County, and includes portions of Alameda, San Mateo and Santa Cruz counties. It is home to two million people and the highest



Jim Beal

concentration of high-tech companies anywhere in the world.

Why Silicon Valley developed where it did — and not, say, in downtown San Francisco or the suburbs of Los Angeles — was a “fortuitous confluence of events and geography,” according to Morgan. Drawn to the



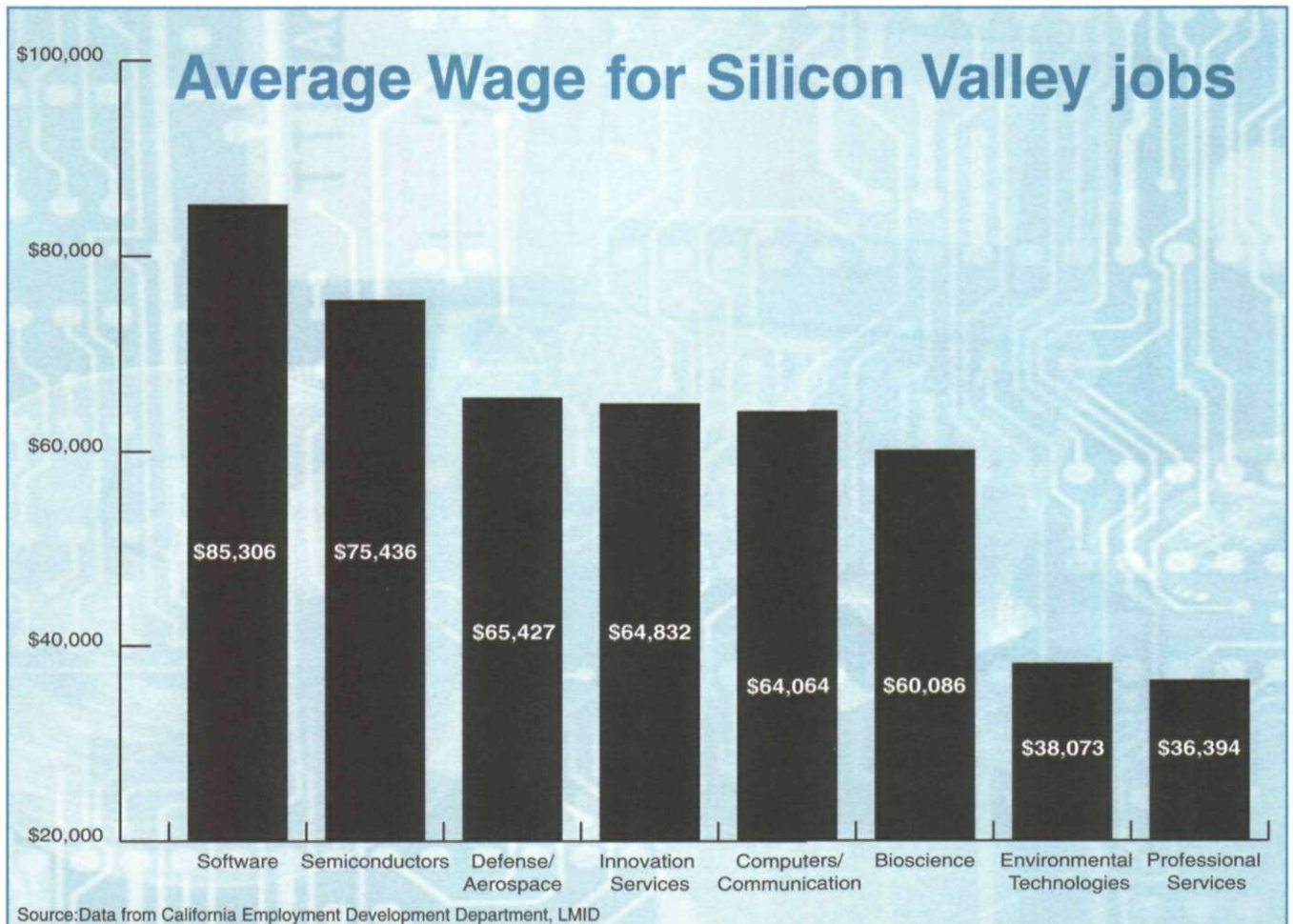
Peter Hero

region for the prestigious engineering departments at Stanford and the University of California, Berkeley, a generation of young, curious, creative minds was inspired to focus its talents on a little-known but emerging field — high-tech electronics. Motivated by such established legends as Hewlett-Packard and seduced by the area’s natural beauty, they set to work. In no time, like sparks off a match that ignites a fire, the Silicon Valley empire exploded. It could only happen in a state where experimenting and entrepreneurship are encouraged.

“The same risk-taking that brought people here for gold brought people here to participate in the newest technologies in the world,” said Morgan. “This is a very open environment where failure isn’t terminal.”

While it may hit a stall down the road, that open environment and aura of entrepreneurial forgiveness has kept the Silicon Valley running on high octane. Consider a few statistics:

- Nearly half — 244 — of the Bay Area’s 500 largest public companies are located in Santa Clara County, according to a recent *San Francisco Chronicle* report.
- Some 200,000 new jobs have sprung up in the region since 1992, a number unmatched anywhere in the state.
- A staggering \$2.7 billion in venture capital — the primary source of money to start and expand businesses — was poured into the Valley in 1997, a jump of 54 percent from the previous year.
- From silicon chips to electronics equipment, a hefty 40 percent of California’s exports come from the computer labs



and tech centers of Silicon Valley.

- Personal income in Santa Clara County topped \$56 billion in 1996, making it the fourth highest county in California.

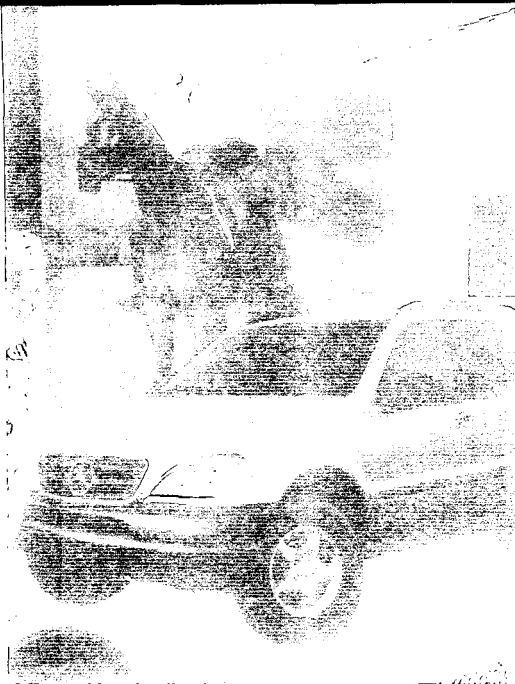
So what's the problem here?

Traffic, for one thing. Free-way delays have doubled in two years. Stories of employees spending four to five hours a day commuting to far-flung suburbs are not unknown.

And then there's housing. With a market that's an estimated 100,000 homes short of demand, builders of new subdivisions hold lotteries as the fairest way to dole out even the tiniest townhouse to desperate buyers. Meanwhile, the price of existing housing has shot through the roof. Buyers pounce so quickly that even \$370,000 homes — the average price in Santa Clara County in March — reap as many as 20 competing offers from frantic bidders in a week's time.

"For anyone who wants to work there, they'll pay an astronomical price for housing or face a hellacious commute," said Brad Williams of the state Legislative Analyst's Office.

But for those who are lucky enough to be enjoying it



now, life in Silicon Valley can be very sweet.

At Ferrari of Los Gatos, where a high-powered new model can dangle a \$230,000 price tag, about 10 of the Italian-made cars glide off the lot each month. And virtually none of those buyers asks for financing. According to managing director Dennis Glavis: "They just write a check."

Many of Glavis' customers are young Silicon Valley entrepreneurs and high-paid engineers who have just traded in lucrative stock options. "These are very successful, very intelligent people who are ready to reward themselves with some tangible object," said Glavis, who says once behind the wheel, "you can't wipe the smile off their face."

That smile disappears pretty quickly, however, when they try to purchase a new home. Faced with some of the priciest residential real estate in California, only 37 percent of Silicon Valley residents can afford the \$351,000 price tag attached to a median-priced home. Even so, the average time that house sits on the market is only 31 days.

"This isn't just a hot market, it's sizzling," said Ray Villarreal, chief executive officer of the San Jose Real Estate Board, which encompasses 15 cities in the Silicon Valley



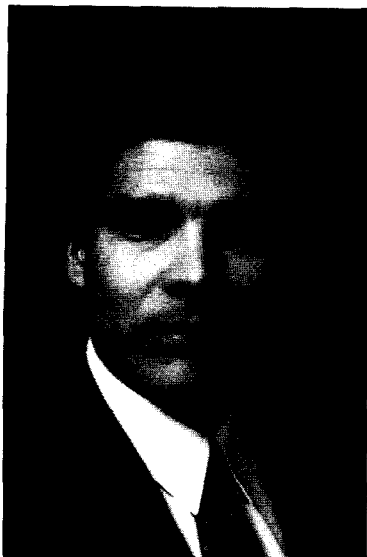
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Ray Villarreal

10 or more rejections — before they land the house of their dreams.

"It's like applying for a job," John V. Pinto, an independent broker in San Jose, said of the efforts made by would-be buyers. "They come in with their resume, pictures of their kids, references." Not to dazzle Pinto with, but to impress the seller.

But not everyone pities the poor rich of Silicon Valley.

Amy Dean, executive director of the South Bay AFL-CIO Labor Council, sees a disturbing gap between the haves and

region.

It's fueled by a booming local economy that pumped more than 53,000 new jobs into the area last year alone, an influx of highly paid workers drawn to fill those jobs and a local desire to preserve open space that limits the available land for new housing construction. The result is simple supply-and-demand: too many people for too few homes. Competition is so fierce that buyers typically place 10 or more offers — and get

have-nots. "There's a severe disconnect where in the midst of this fabulous wealth ... wages are not keeping up," said Dean, who said the wages paid in 19 percent of all jobs in the region cannot support a single adult.

According to Dean, the biggest culprit is the reliance of Silicon Valley companies on temporary and part-time employees who receive no benefits and are subject to short-notice terminations. While acknowledging that many high-tech companies avoid layoffs by relying on part-time workers, she believes there's a need to do more.

Through private grants, Dean is helping organize what she calls the "next generation of unions," an organization of temporary workers that will issue report cards on employers, create standards for employer practices, offer "portable" benefits and pension plans and provide training skills certification for workers.

But Dan Schnur, one of two political directors at Technology Network, the Valley's political voicebox, doesn't see the need. Many workers, he contends, prefer the flexibility of part-time work. And those who don't, he says, have a better chance of moving into full-time jobs than in any other industry, thanks to the region's notoriously tight labor market. "Anybody who does any kind of a decent job is going to end up being the object of a bidding war by employers," said Schnur, former communications director for Governor Pete Wilson. "Companies need good workers."

Worker shortages, particularly for smaller, start-up companies, are a chronic problem in Silicon Valley. Long lists of job openings fill the pages of area newspapers. Forced to compete for employees with such industry giants as Hewlett-Packard and Microsoft, who can afford to offer more

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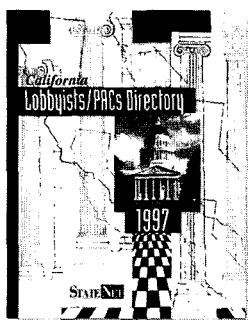
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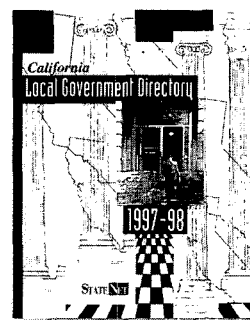
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lucrative benefits, the smaller high-tech companies are pressured to up the ante.

"In a market as hot as Silicon Valley, start-ups like us certainly can't get away with paying lower salaries anymore," Mike Donaldson, a CrossWorlds Software Inc. executive, told the *San Jose Mercury News*. A month ago, CrossWorlds had 30 openings, roughly a quarter of its work force.

Even the top jobs go begging. According to the *Mercury News*, some 200 unfilled positions exist for CEOs and other high-level executives in start-up companies throughout the Valley.

A lack of skilled workers is one reason Silicon Valley executives have backed education initiatives in a big way. At Joint Venture, Morgan talks of the efforts to enhance the skills of the region's K-12 classrooms. Nevertheless, the former legislator says it's inevitable that Silicon Valley companies will open satellite plants, such as manufacturing facilities in Sacramento or Roseville, where housing and commuting costs are cheaper for workers, and there are no earthquake faults.

"When a company has to move for strategic reasons, we understand, but we don't want them to make that decision because taxes were too high, regulations were too onerous or there was a bad attitude at city hall," said Morgan. In the meantime, she and other industry leaders are grappling with how best to tackle the twin problems of affordable housing and manageable traffic.

"I wonder if we haven't reached the saturation point as to what commuters are able to endure, the arduousness of the commute," said Villarreal, talking of workers travelling two hours each way from homes in Tracy or Stockton. "Sure

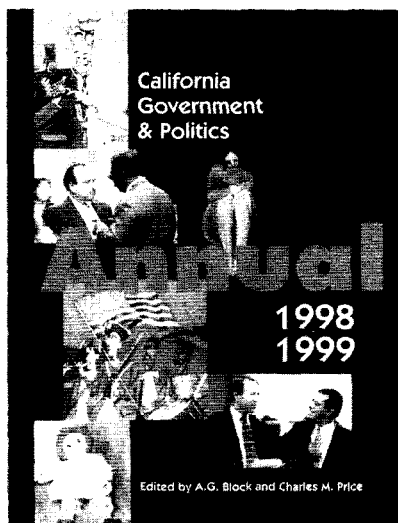
you can buy an affordable house in those areas, but is it worth the wear-and-tear on your car, not to mention your psyche? We're coming close to some hard decisions as a region in terms of transportation and housing."

Santa Clara County Supervisor Jim Beall, vice chairman of the Bay Area Metropolitan Transportation Commission, is more blunt: "Unless we get the infrastructure, it'll kill Silicon Valley."

Beall has to look no further than his office window, which overlooks the 880 freeway in San Jose, for a daily reminder of the clogged, bumper-to-bumper traffic. "People love living here, but there are a lot of threats to keeping it that way."

And it's not just on the freeways. Even tree-lined villages like Los Altos feel the repercussion as rush-hour commuters seek shortcuts through neighborhood streets.

But getting the funding for more mass transit or future freeways, which Beall believes are the solution, doesn't come easy. "If Silicon Valley chokes on its own traffic and lack of affordable housing, it absolutely won't be the fault of Silicon Valley leaders," said Bob Brownstein, San Jose's



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budget director. "These are pragmatic, creative and civic-minded folks," he says, "but the engines of economic vitality in Silicon Valley are working on only two cylinders because of the mind-boggling ineptitude" of the state's leaders. As an example, he cites restrictive tax laws that limit the ability of local governments to fund improvements.

Ironically, some of those limitations are self-imposed. Voters in the region possess a strong environmental streak for preserving open space and retaining the woodsy ambience found in many of the region's upscale neighborhoods.

"They don't vote for politicians who are pro-growth," said Beall, noting that county voters overwhelmingly passed an open-space ballot measure to preserve creekside trails and keep the hillsides green. "There's nobody elected here who doesn't believe in that, Republican or Democrat."

One aspect of "quality of life" is philanthropy, an area where techies have drawn criticism for what *Newsweek* magazine once dubbed the "stinginess among the cyber rich." But many say that's changing.

"People are stepping forward more often and more generously," said Peter Hero, president of Community Foundation Silicon Valley, which helps individuals and corporations choose where to contribute, whether it's a local food bank or the San Jose Symphony. From a modest \$7 million in assets nine years ago, the foundation has grown



Becky Morgan

to \$200 million today, thanks largely to endowments from individuals and corporations in high-tech fields. "Philanthropy is very much on the radar screen," said Hero. "This new money out here seeks out advice and charitable expertise on where to give."

As the cyber-pioneers age, have children and sink roots deeper into the community, they're developing a greater concern for their immediate surroundings. It's what Morgan calls "the maturing" of Silicon Valley.

Above all, the Valley is permeated with a corporate culture whose mind-set is problem-solving. "We focus on the problem, not on ideology," said Beall. "Politics doesn't occur here as much. People just want to get things done."

TechNet's Schnur concurs, noting the recent success of Silicon Valley entrepreneur Reed Hastings in getting a statewide charter school bill passed, despite the political odds against it. "These are people who've succeeded by doing things they were told couldn't be done," said Schnur. "Whether it's business or politics, when they hear 'You can't do it; it'll never work,' it's like throwing down the gauntlet."

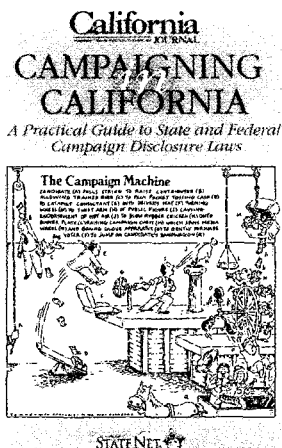
It's that type of can-do attitude that many are counting on to see Silicon Valley through its current headaches.

Comments on this story may be e-mailed to Associate Editor Claudia Buck at "claudiab@statenet.com."

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Washington Notes

perspective

By Marc Sandalow

The Bay Area in Congress

They are experienced. They are savvy. They are all but invincible at home. The Bay Area's congressional delegation has been an anchor of political stability in Northern California for much of the past three decades. Districts have been reshaped, members have retired, and a steady stream of women have taken the place of men. Yet for the most part, the San Francisco Bay Area has sent a solid group of traditional liberal Democrats to Washington since Phil Burton was elected in 1964.

The seismic event that shook the Bay Area's fortunes in Congress occurred on November 8, 1994. On that day, Republicans won their first House majority in nearly a half century, and the delegation's influence has never recovered.

Martinez' George Miller went from being the most powerful environmentalist on Capitol Hill to playing defense against GOP rollbacks and throwing bombs at House Speaker Newt Gingrich of Georgia. San Jose's Norm Mineta, who lost the chairmanship of the powerful Transportation and Infrastructure Committee, quit in the middle of his next term. Oakland's Ron Dellums, stripped of his role running the National Security Committee, retired in February. Hayward's Pete Stark went from promoting health-care measures before his Ways and Means subcommittee to critiquing GOP proposals to limit Medicare.

In the course of the past four years, the Bay Area delegation has been transformed from the vanguard of the ruling party to peripheral players in a do-little Congress. Like a potent offense that sits on the sidelines waiting for the other team to give up the ball, Bay Area Democrats wait for their turn to lead a gain.

It is impossible to measure what, if any, opportunities have been lost. Perhaps Mineta could have steered a few million extra dollars to the Bay Area. Perhaps Miller could have preserved thousands of acres of wilderness, or Representative Nancy Pelosi (D-San Francisco) would have persuaded President Bill Clinton to pay for needle exchanges.

But there is hardly evidence that the Bay Area has been slighted. BART has received its full share of money to build its tracks to the San Francisco airport (the federal government has committed a staggering \$700 million). The former Presidio Army Base in the shadow of the Golden Gate Bridge has been given a record \$25 million a year to ease its transition to a national park. Spending on AIDS research and treatment is up. And measures dear to Silicon Valley, such as loosening restrictions on encryption software and limits on hiring skilled foreign workers, are advancing under the guidance of representatives Anna Eshoo (D-Palo Alto), Tom Campbell (R-South Bay) and Zoe Lofgren (D-San Jose).

The Bay Area delegation remains very liberal, and its composition is very different from the rest of Congress. Six

of the 10 representatives from the San Francisco area are women. The last time Bay Area Democrats sent a new male face to Congress was in 1980, when Representative Tom Lantos (D-San Mateo) was elected. Since then, Pelosi, Eshoo, Lynn Woolsey (D-Petaluma), Lofgren, Ellen Tauscher (D-Walnut Creek) and Barbara Lee (D-Oakland) have each won seats formerly occupied by men.

If one looks carefully, one can find a few Republicans in and about San Francisco. Of the 10 members whose districts are contained within the Bay Area, one is actually a party member, although there are GOP leaders who wish he was not. First elected to Congress to represent much of Silicon Valley in 1988, Campbell left four years later for an unsuccessful bid for the Senate. He returned to the House in 1995 after a three-year stint in the state Senate and quickly earned the wrath of the party's leadership by joining a small handful of GOPers who tried to strip Gingrich of his speakership. A Stanford law professor, Campbell is highly regarded in Washington for his intelligence, if not party allegiance, and is considered a future candidate for Senate.

Curiously, the most Republican region in the Bay Area is not Campbell's but the Contra Costa County district represented by Tauscher. Gerrymandered to provide the GOP one Bay Area stronghold, Tauscher spent \$1.6 million of her own money in 1996 to stun GOP incumbent Bill Baker and now appears to have a solid lock on re-election.

Tauscher is about as visible as a freshman member of the minority party can be. A conservative "Blue Dog" Democrat, vice-chair of the California Congressional Delegation, and member on a high-profile freshman panel of campaign-finance reform, Tauscher is a frequent backdrop at Clinton bill signings and pronouncements. *Time* Magazine dubbed her mix of consumer-based constituent service, fiscal restraint and social liberalism as "Tauscherism."

Pelosi also may make noise in the coming year. The announced retirement of Vic Fazio (D-Sacramento) has opened up a leadership position which many believe will be filled by another Northern Californian. Pelosi has discussed running for a position in the Democratic Caucus.

The delegation's ability to work together was evident in early May, when Senator Kay Bailey Hutchison (R-Texas) inserted a last-minute provision into a spending bill that would have helped oil companies at the expense of California schools. Miller jumped into action, as did Pelosi and California Senator Barbara Boxer. They rallied troops and called a news conference. It was a sign of how much times had changed. In the old days, Miller could have squashed the measure long before it became law, without making a noise. Such is life in the minority. 🏠

Contributing Editor Marc Sandalow is Washington bureau chief for the San Francisco Chronicle. Comments on this column may be e-mailed to "editor@statenet.com."

The Bottom Line

commentary

by Susan Rasky

Ink wars

Nothing fires the imagination of San Francisco's two daily newspapers like the opportunity to splash each other with a little virtiolic ink. And nothing irritates San Francisco's two daily newspapers like the possibility that something interesting or important might be happening somewhere outside the city limits. Especially if the somewhere is the pokey little burg at the other end of the Peninsula — San Jose.

But in the weeks since Knight Ridder Chairman Tony Ridder announced that the country's second-largest newspaper chain would be moving its headquarters from Miami to Silicon Valley, insularity at last has found a useful purpose — survival. The *San Francisco Chronicle* and the *San Francisco Examiner* have taken up arms against a common foe, and for the moment anyway, most of the vitriol is flowing south, toward Knight Ridder's *San Jose Mercury News*.

To be perfectly fair, the *Chron* and the *Ex*, both owned by descendants of two of San Francisco's oldest and wealthiest families, come by their mutual disregard and other eccentricities honestly. Ditto, the late unpleasantness with the *Merc*. Michael de Young co-founded the *Chronicle* with his brother Charles in 1865. Charles shot a mayoral candidate during a feud in 1879 and was then shot to death by the victim's son. George Hearst won the *Examiner* from a gambling debtor in 1880. His only child, William Randolph, took the paper over in 1887 after being expelled from Harvard. The rest, as they say, is history.

More recent history accounts for the bitterness in the rivalry between the dailies. Since 1965, the two papers have been bound unhappily at the wrists and ankles by a joint operating agreement under which the *Examiner* became an afternoon paper and the vehicle for a jointly published Sunday paper with a circulation of 625,000. All the plant, equipment, distribution costs and profits are split 50-50, which is especially galling to the *Chron*, whose daily circulation of 483,000 dwarfs the 120,000 for the *Ex*.

The agreement was renewed in 1995 and will expire again in 2005, which is where the *Mercury News* comes in. In April 1996, the *Merc* ran a story declaring that the *Examiner* "was on its last legs" and predicting that the afternoon paper was a week away from being merged into a jointly owned morning paper, with an attendant loss of several hundred jobs. The *Ex* has been throwing "we're still here" parties ever since, and columnist Rob Morse periodically trashes the *Mercury* for failing to print either a retraction or an apology.

The saga would by now be little more than entertaining

reading for city-centric San Franciscans and media junkies if the *Merc* itself were really the issue. Although the paper has attempted incursions in Multimedia Gulch — the area south of Market Street where digital business and culture flourish — no one in the newsrooms of the bickering *Chron* and *Ex* really worries about the *Mercury News* capturing the city.

The real threat to the existence of two daily papers in San Francisco lies, as it has for decades, in the advertising-rich suburban counties that ring the city — San Mateo to the south and Contra Costa and Alameda across the Bay. It is here where Knight Ridder is waging an aggressive battle for dominance over the country's fifth largest media market, and here where prospects for financial viability will determine whether the Hearst Corporation or the *Chronicle* inherits the San Francisco franchise when the JOA expires. There are optimists, of course, but few in the publishing world believe that the *Chron* and the *Ex* could both survive.

The *Chron* made a tentative and poorly planned stab at zoned editions in this lucrative suburban territory about a decade ago but pulled back when the recession set in. The competition for the East Bay heated up in earnest in 1995 when Knight Ridder paid a whopping \$360 million to acquire the five-paper Leshner chain, which includes the Walnut Creek-based *Contra Costa Times* and four smaller East Bay dailies. The combined circulation is close to 200,000.

Last year, the *Chronicle* re-entered the suburban fray, beefing up a string of bureaus in the East Bay, opening a news bureau in Walnut Creek and re-introducing four zoned, suburban editions that publish six days a week. But the burbs are a tricky market for old urban warriors such as the *Chron* — or the *Ex*, should the Hearst family ever give it the opportunity to compete outside San Francisco. Readers along the East Bay shore and in southern Marin County want San Francisco news; readers in eastern Contra Costa and down in Palo Alto like what they can already get from the *Times* or the *Merc* and will take more wooing.

In the meantime, there are complaints that "bottom-line Tony," as critics refer to the Knight Ridder chairman, has been cutting editorial corners at the *Times* and its sister papers in the former Leshner chain. And as readers of the *Oakland Tribune* can testify, the hollow shell that now passes for their city newspaper has only suffered under the tender ministrations of Dean Singleton's Alameda News Group — the other player in the East Bay ink wars.

Competition is supposed to be good for consumers. It rarely works out that way in the news biz. 

Contributing Editor Susan Rasky may be e-mailed c/o "editor@statenet.com."



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State of the State

commentary

by Lance Izumi

Fresh Air in Oakland

Perhaps the most interesting election campaign in California this year is the battle for the open mayor's job in Oakland. Although attention has largely centered on former Governor Jerry Brown's candidacy, the real and more interesting story involves the man that early polls showed to be Brown's top challenger.

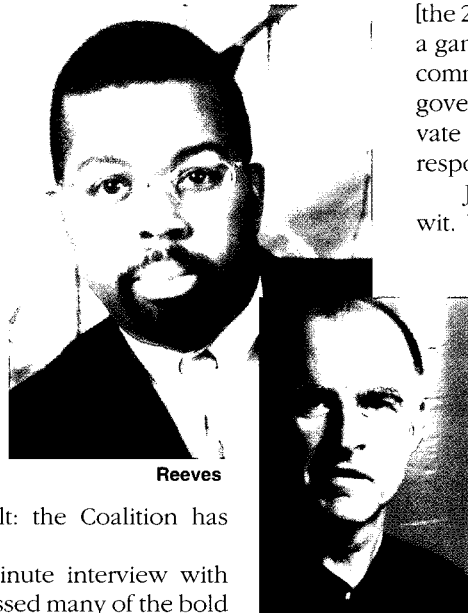
Shannon Reeves is the energetic and successful 30-year-old president of the Oakland NAACP. A former regional director of the NAACP, Reeves has the support of the National NAACP. Oh, and by the way, he is a Republican.

Reeves, who grew up in a single-parent family and lived in government housing projects in Oakland, has been single-handedly changing the terms of the debate in the mayoral race. For example, in a speech to the Bay Area Black Media Coalition, Reeves, whose campaign slogan is "No More Excuses," forcefully observed that, "Black people have to stop pointing to white racism as the cause of many of the problems in the black community. Racism still exists. But if we want to see change in the black community we have to see the behavior change among the people in our community." Result: the Coalition has endorsed Reeves' candidacy.

During the course of a 90-minute interview with Reeves, the mayoral aspirant expressed many of the bold ideas and common-sense observations that have become his hallmark.

Reeves, who co-founded the Freedom Fund which partners with corporations to develop blighted areas of Oakland, has been a vocal champion of private sector solutions to the city's problems. His foundation, in partnership with Chevron, is taking over inner-city gas stations and using the profits to buy and tear down dangerous community eyesores. Reeves notes, "We just spent \$700,000 in our partnership with Chevron, and we bought a three-acre site of crack houses and tore it down." The lesson, says Reeves, is clear: "Government can't save Oakland. It's going to take private sector partners."

A key Reeves theme is the importance of self-responsibility. Reeves points out, "There's no excuse for having 40-ounce beer bottles on the ground in front of your house. There's no excuse for leaving trash on the street, graffiti on the walls, and urinating in public. There's no excuse for that."



Reeves



Brown

On crime, Reeves says, "I was in L.A. as west coast director of the NAACP during the [Rodney] King trials and riots. The fact of the matter is, if I burn down your store, does that make me now have one? That's a behavior issue. That's a mentality issue. It's an issue where personal responsibility didn't come into play."

Although a supporter of affirmative action, Reeves says that the focus should be on the future, not the past: "But now [Proposition] 209 is law and we got to deal with the generation growing up in a post-209 environment, so it's no sense in marching about what passed. We better try to deal with test scores. We better try to deal with after-school tutorial programs. We better try to get kids into Kaplan [so they can] take the LSATs. The reality check is we lost [the 209 battle], and now we better go back and have a game plan on how we are still going to move our community forward. It's not going to happen through government. It's going to happen through the private sector, but it's got to start with personal responsibility and helping yourself."

Jerry Brown's candidacy is fodder for Reeves' wit. Brown, says Reeves, "doesn't know anything about Oakland. I mean anything ... He sits down in the living room [with groups of Oakland residents] and says, 'I just want to listen.' When you don't know anything, you have to listen!" Warming to his subject, Reeves says, "You take Jerry Brown and beam him down to one of the tough neighborhoods in Oakland, they will run him out of the neighborhood. He has zero credibility on the street."

Reeves' candidacy has drawn the attention of many of California's top business leaders. His finance co-chairs are Chevron chief Ken Derr and former U.S. Secretary of State George Schultz. Other top supporters include former Bank of America Chairman Tom Clausen, mega-builder Alex Spanos, Coast Federal Bank CEO Ray Martin, Stephen Bechtel of the Bechtel Corporation, Airtouch CEO Sam Ginn, Charlie Johnson of Franklin Funds, and Charlie Rinehart of Home Savings. With a Who's Who list of backers like that, Reeves could be the man who not only ends Jerry Brown's comeback, but who also forges a new political coalition based not on narrow racial ties, but on common commitment to shared principles of freedom, self-discipline and opportunity. If that happens, then Oakland will have been the epicenter of one of the biggest political earthquakes ever to hit California. 🏠

Lance Izumi is a senior fellow at the Pacific Research Institute for Public Policy. This column was prepared prior to the June 2nd mayoral election.

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HOW ARCO LED THE EFFORT TO MEET CALIFORNIA'S CLEAN AIR STANDARDS.

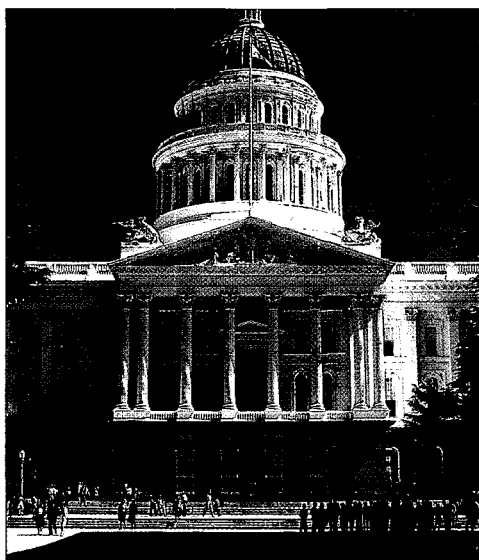
ARCO

Back in the late 80's the California state government agencies had a pretty good idea what they wanted to do to reduce air pollution: ban the use of gasoline in favor of alternative fuels and enact the toughest pollution standards the world had ever seen. But they hesitated, because no one was really sure if alternative fuels would work or what the cost might be. Meanwhile, ARCO was hard at work on a new kind of gasoline called EC-1, the world's lowest emission gasoline ever.



Arco's new formula showed how to reduce pollution from gasoline, while maintaining its performance.

EC-1 was so effective at reducing pollution, especially with pre-catalytic cars, it actually removed 100 million pounds of pollutants from the skies of



March, 1996: California enacted the toughest emission standards in the world. Partly because ARCO's reformulated gasoline proved they were possible.

California the first year it was in use.

But even more important, it showed California and the federal government that significant emission reductions could be achieved using conventional fuels thereby saving motorists millions of dollars they didn't have to spend replacing their existing cars.

ARCO, working with the California Air Resources Board and other stakeholders, helped to develop the model for the second generation of reformulated gasoline which is now used by every driver in California.

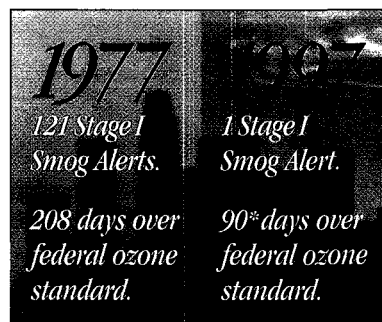
The impact on our air has been nothing less than remarkable.

Thanks to California's cleaner burning gasoline, more than 3 million pounds of pollutants a day are being

eliminated. About the same as taking 3.5 million cars off the road.

According to independent scientists, the air is the cleanest it's been in decades. In 1977, the South Coast Basin had 121 Stage I Smog Alerts. In 1997, they were reduced to only one.

Of course, there's a long way to go before we reach our clean air goals. In 1996, despite the 57% reduction in days exceeding the federal clean air standards for ozone, the South Coast Basin still experienced 90 days over the federal standard.



Source: South Coast AQMD. *For 1996

But ARCO and other oil companies have proven that they can work together with the state, local air districts, auto manufacturers, environmentalists and other stakeholders to achieve the toughest air quality standards in the world.

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